



CARTER CAPITAL  
MANAGEMENT

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Form ADV Part 2A  
Investment Advisor Brochure  
January 1, 2025

This brochure provides information about the qualifications and business practices of Carter Capital Management. If you have any questions about the contents of this brochure, please contact us at (713) 973-9515 and/or [davidcarter@carter-capital.com](mailto:davidcarter@carter-capital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

IMPORTANT NOTICE: Being a "registered investment adviser" or "registered" does NOT imply a minimum level of skill or training has been demonstrated, nor should it be inferred that the S.E.C. or any other regulatory body has evaluated or specifically approved of the adviser.)

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## **Item 2: Summary of Material Changes**

January 1, 2025

**The following summarizes the material changes since our last brochure update on January, 1, 2025:**

- 1) In Item 4, Advisory Business, updated assets under management to approximately \$66,510,000*

### **Item 3: Table of Contents**

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	7
Item 6: Performance -Based Fees & –Side-by-Side Management	9
Item 7: Types of Clients)	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9: Disciplinary Information	11
Item 10: Other Financial Industry Activities and Affiliations	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12: Brokerage Practices	15
Item 13: Review of Accounts	19
Item 14: Client Referrals and Other Compensation	20
Item 15: Custody	21
Item 16: Investment Discretion	22
Item 17: Voting Client Securities	23
Item 18: Financial Information	23
Item 19: Requirements for State Registered Advisers	23
Item 20: Our Privacy, Insider Trading Policy and Trade Error Policy	24

## **Item 4: Advisory Business**

Carter Capital Management (also referred to as “we”, “us” or “our”) is a fee-only financial planning and investment management firm. The “fee-only” compensation arrangement assures our clients that we receive no commissions or any compensation or material gifts from any non-client source in order to influence the delivery of services to our clients.

We offer investment supervisory services and comprehensive financial planning advice to high net worth individuals, pension and profit sharing plans, trusts, individual retirement accounts and corporate accounts (also referred to as “you” or “your”).

Carter Capital Management was founded in February of 2003, by David H. Carter. Mr. Carter is the principle and sole planner. You can read more about Mr. Carter’s background, qualifications and credentials in the supplemental ADV 2 Part B included with this document.

### **Investment Supervisory Services**

Services we will provide to you include:

- 1) An analysis of your current investments, investment strategy, and risk tolerance.
- 2) Education on investment principles and how you should relate an investment plan to specific financial goals.
- 3) Creation of an investment policy statement.
- 4) Development of asset allocation models to assist us in the selection of asset classes that are consistent with your stated investment objectives, personal risk tolerance, and overall financial goals.
- 5) Researching and identifying index funds, money managers and individual stocks and bond issues that are compatible with your investment policy statement and selecting one of these options in each category. This will typically be based upon analysis using available published data.
- 6) Monitoring and reporting of investment returns, including specific performance of your portfolio(s) returns.
- 7) Creation of retirement cash flow analysis and estate planning recommendations as requested, if previously agreed to in writing.

*Investment Policy-* We develop an investment policy statement that will provide a conceptual framework to determine the suitability of any particular investment in the context of your overall investment plan. Your investment policy statement will serve as a guidepost to identify goals and create a systematic review process. Your investment policy statement has four basic objectives: setting realistic objectives, defining the asset allocation policy, establishing management procedures and determining communication procedures.

In most cases or as communicated in your investment policy statement, we are responsible for selecting and monitoring each investment. Index funds, mutual funds and individual stocks and bonds are the primary investment vehicles selected and monitored.

We select these investment based on the following criteria:

- 1) An index fund's fee, stated underlying index and it's ability to track that respective index
- 2) The mutual fund's fees and specification of, and adherence to a stated asset class and/or investment style.
- 3) Changes in the ratings or financial outlook of individual stocks and bonds and,
- 4) Comparisons of risk and performance results to appropriate indexes that take into account asset class and investment style (e.g., Growth vs. Value), and sector strategy (e.g., market capitalization for U.S. Equity funds).

*Implementation of Strategy* - With respect to the implementation of an appropriate asset allocation plan, we will provide you with asset allocation studies that consider personal risk tolerances, investor time horizons, historical investment performance and future capital markets assumptions regarding risk and return expectations.

We will monitor your portfolio performance against benchmarks including those comprised of various market indices and benchmarks, to ensure that the portfolio is being managed in accordance with your risk/return goals.

We will ensure that reports are provided at least quarterly to you, detailing your investment performance. You will also receive a monthly or quarterly statements from the independent custodian selected to maintain and safeguard your securities. These statements will provide a detail of security positions held, as well as transactions, contributions and distributions executed during the period.

- 1) The firm manages client assets on a discretionary and non-discretionary basis. As of January 1, 2025, the Firm's "assets under management" had a market value of approximately \$66,510,000.

### **Financial Planning**

We also provide certain financial planning services which are available to clients who have or will contract with us for investment supervisory services. Also, we do not sell insurance products. We will, at your direction and pursuant to our agreement, address any or all of the following areas of concern:

- 1) Retirement Planning - One of the central missions for our clients is long-term financial security and independence. The goal is reached at the point where a person is financially secure enough to live at their desired retirement lifestyle without the need for employment income. We advise our clients on the steps

- necessary to maximize asset accumulation factoring in risk tolerance, taxes, retirement plans options, inflation, and investment options.
- 2) Estate Planning - Estate planning is the process of accumulation, management, conservation, and transfer of wealth, obligations, and responsibilities considering legal, tax, and personal objectives. The financial component entails the fulfillment of the client's property transfer wishes, the minimization of taxes and costs, and creating of necessary liquidity. The personal component entails preparing medical directives, guardianships, and responsibility establishments.
  - 3) Education Planning - Education funding is often a primary financial goal for parents. Higher education costs are one of the largest financial burdens a family will face. We assist clients in the development of education funding plans focused on maximizing asset accumulation with respect risk tolerance levels, increasing education expenses, expected college expenses, and tax laws.
  - 4) Tax Planning - Although CARTER CAPITAL MANAGEMENT does not provide tax advice and are not tax advisors, current tax law will always play a role in our investment and financial planning recommendations. Issues related to tax law such as after-tax returns and tax-related cash flow play a significant role in our advisory services.
  - 5) Insurance Planning - Insurance planning has become an increasingly important concern for our clients. We provide education and guidance on our client's insurance options as well as refer them to those insurance specialist best equipped to serve their needs.

We will gather required information through in-depth personal interviews. We will gather information such as your current financial status, future goals and objectives, and attitudes towards risk. We will review related documents set up meetings to evaluate our recommendations. If you choose to implement any the recommendations, we will work with your attorney, accountant and/or insurance agent to assist them.

## Item 5: Fees and Compensation

We are compensated for services based upon a percentage of the value of your assets we supervise and have responsibility for. Unless otherwise negotiated and agreed to in writing, our fees are calculated to an asset-based fee, which aggregates your portfolio valuations and all sub accounts, and applies the following sliding scale for fee determination.

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Initial \$500k or less	1%
Next \$500k to \$1 million	.75%
Over \$1 million	.50%

Carter Capital Management imposes no minimum asset value for establishing or maintaining an Investment Advisory Consulting Services account. However, Carter Capital Management reserves the right of selection for our services.

The effective date for portfolio valuation is at the end of each quarter. Quarterly management fees are payable in advance, and each quarterly fee is determined by applying the Fee-for-Service percentage or flat fee-percent listed in part 2 of the Schedule to the average daily balance from the prior quarter.

Such fees are deducted directly from the account(s) unless otherwise agreed to in advance by you and Carter Capital Management. In addition, money manager fees, including mutual fund operating expenses, are deducted directly from those respective investments and brokerage commissions charged and custody fees, if any, may be imposed by selected custodians. *We will not receive any part of these fees or commissions.*

**Fees (in general)**

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client. Fees are billed quarterly and taken directly from the investment portfolio(s) in the first month of each quarter. You will receive an invoice from us detailing the information you would need for recalculating the fee to determine its accuracy.

The custody statements you receive from the independent custodian, for the first month of every calendar quarter, will show the amount of the fee taken from the account. We may also charge fees for special projects not otherwise anticipated in the advisory or planning services included in a typical service engagement. These fees may be fixed or hourly, as determined by mutual engagement before any charges are incurred. In those cases, a written agreement will be executed by both parties. There is no obligation for additional fees until such time as a written agreement has been signed by you.

You have the right to terminate the agreement with us, without penalty, within 5 business days of the date of executing the initial agreement, and no fee will be charged to you. Thereafter, the agreement will remain in effect until it is terminated. The agreement may be terminated by either party upon written notice to the other. If you terminate your agreement with us before the end of a quarter in which the fees have been paid, a pro-rata refund based on the number of days remaining in the quarter shall be paid. The refund calculation shall begin with the day following effective termination of the account, or final distribution of assets if that date is sooner, and shall be paid to you by check within 15 business days from that date.

You should review both the fees charged by the index funds and/or money managers we recommend and the fees charged by us to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services being provided. At your request, we will provide you with an analysis of those fees.

In many cases, you could invest in selected index funds, money managers, or individual bond issues without the services of Carter Capital Management. In that case however, you would not receive our advisory services including, among other things, assistance in investment selection, asset allocation development, money manager analysis and financial planning services.

*Neither Carter Capital Management, nor any of its supervised persons, receives compensation for the sale of securities, insurance or any other products.*



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

We do not charge “performance based” fees. No fee we charge may be based in any manner or respect on capital gains or capital appreciation of assets held by you. All advisory accounts are charged fees strictly based on a pre-determined fixed percentage of assets, or “assets under management” (AUM) fee. Although our fees will increase as your portfolio’s value increases (and will similarly decrease as the portfolio decreases), this is not a “performance based” fee. A performance based fee is typically calculated on a quarterly or annual basis whereby an *additional “performance” fee* is paid when the portfolio’s performance exceeds that of a predetermined benchmark or goal.

## **Item 7: Types of Clients**

We offer investment supervisory services and advice to high net worth individuals, individual retirement accounts, trusts, estates, charitable organizations, corporate and business accounts, and pension and profit sharing plans. We impose no minimum asset value for establishing or maintaining an Investment Advisory Services account. However, due to our specific investment philosophy utilizing low-cost index funds and a non-market timing strategy, we reserve the right of refusal to certain clients with incongruent expectations.

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

Our investment philosophy centers around the well-established premise that cost is a major contributor to the returns for many investors today. We build and manage tailored portfolios for you using primarily low-cost tax-efficient index funds, mutual funds and individual stock and bond portfolios.

Many academic studies have shown that index funds have often done a better job of providing value than the majority of mutual fund and professional money managers. We concentrate our expertise developing the proper mix of index funds, mutual funds, stocks we buy and hold for the long-term and individual bonds to meet your particular goals.

We do not waste your valuable time discussing the day-to-day movements of any single company, nor do we attempt to represent that we know what the “market” will do tomorrow or over any given short period of time. We acknowledge that we, nor anyone, really does know. From this approach we can begin to focus on determining which mix of assets have provided the maximum amount of return within a given risk level; or which assets or asset allocations are most risky, most conservative or most suitable for a given client; or which assets mix provides the desired income needs; or which mix of assets provide the greatest amount of diversification; or which assets provide the greatest after-tax or tax-equivalent return.

Utilizing Index funds through Exchange Traded Funds (“ETF”) is our primary investment vehicle for stock investments. On occasion, we may select Investment managers (primarily mutual fund managers) who provide services that include security selection and certain administrative services. We will review the investment managers’ performance no less frequently than quarterly to ensure that the portfolio's risk and return characteristics remain consistent with your needs.

An Exchange Trade fund (“ETF”) is an investment fund traded on the stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500 or the MSCI EAFE. ETFs are attractive as investments because of their low costs, tax efficiency, and stock-like features.

The investment allocation among asset classes will be developed based on “modern portfolio theory” concepts. This means that portfolio investments are diversified in such a way as to blend the market risks of various asset classes and sub-asset classes to provide “optimal” (or essentially optimal) balance between risk (market volatility) and expected returns. We may do this in combination with market weightings for certain market neutral, strategic allocation approaches that are more tax sensitive and require fewer periodic changes to the target allocation model.

In most cases, we will use our professional judgment to modify “optimized” portfolios in a manner we believe to best represent the needs of each client and changing market conditions. They are recommended by us for you after considering personal risk tolerance and asset class preferences, as well as any other factors that take into account your relevant specific circumstances and requirements.

The risks inherent in the strategies we employ are as follows:

- 1) There are times when all (or enough) asset and sub-asset classes fall and cause the total portfolio to lose market value for a period of time. If you liquidate your portfolio during this time you will have realized a loss on your investment. Diversification and allocating assets cannot guarantee against losses for any specific period of time.
- 2) A portfolio allocation that varies from the market allocation weightings of world asset classes and sub-classes, may underperform a more neutral allocation based on all existing asset classes and their respective weightings.
- 3) Not all asset classes available to investors will necessarily be included in your portfolio strategy. Therefore, it is possible that you may not be invested in the highest performing asset class or sub-asset class at any given point in time.
- 4) Some clients, at their discretion, may decide to adopt a more dynamic approach to their allocation strategy, and as a result will have us make more frequent changes to their portfolios based on changes in capital markets expectations for selected asset and sub-asset classes. These portfolios may do better or may do worse than more strategic long-term commitments. In taxable accounts, these strategies will suffer from the added costs of additional realized capital gains and trading costs (where applicable).
- 5) Rebalancing of the portfolio back to the target allocation model can have tax consequences which may increase the cost of employing this investment strategy in taxable accounts. Although our focus is on index funds, we do not limit ourselves to one particular type of security, as we believe that broad diversification is a critical element in risk management.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

None of us, or supervised persons are registered as a broker/dealer or registered representative. We are not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of these entities. We do *not* have a material relationship or arrangement with any related person(s) listed below:

- 1) broker-dealer, municipal securities dealer, or government securities dealer or broker
- 2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- 3) futures commission merchant, commodity pool operator, or commodity trading advisor
- 4) banking or thrift institution
- 5) accountant or accounting firm
- 6) lawyer or law firm
- 7) insurance company or agency
- 8) pension consultant
- 9) real estate broker or dealer
- 10) sponsor or syndicator of limited partnerships

David H. Carter, President, also serves as Managing Partner of IFP Access LLC. IFP Access LLC, (“IFP”) operates the website [www.ifpaccess.com](http://www.ifpaccess.com).

IFP is a free website providing the general public providing the ability to search for financial planners throughout the United States who are Independent, Fee-Only and Certified Financial Planner™ professionals, as is Mr. Carter’s firm. The website provides practicing financial planners an avenue to present information about their practices, write articles (blogs), connect their practices to the public through social media outlets such as YouTube, Twitter, Linked In and/or Face book and engage interested prospective clients.

Currently Mr. Carter receives no compensation from IFP. IFP does not recommend one advisor over another and visitors to IFP are free to select any advisor at their choosing. Additionally, under no circumstance does Mr. Carter recommend any of these advisor’s services to his clients at Carter Capital Management. Thus, we do not believe this service creates a conflict between Mr. Carter’s investment advisory practice and his clients.

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

**Code of Ethics** – Our “Code of Ethics” (“Code”) is designed to address and avoid undisclosed conflicts of interest relating to personal trading and related activities and foster a culture consistent with the spirit of our fiduciary responsibility. Our Code is based on the fundamental principle that we will at all times place the interests of our advisory clients first. The code is the standard of conduct for all “supervised” and “access” persons. Along with the code, all supervised persons are required to comply with all applicable securities laws. A “supervised person” includes a director, officer, partner, employee, or any other person who provides advice on behalf of the adviser and is subject to the adviser’s supervision and control.

- 1) Integrity – Your financial planner shall offer and provide professional services with integrity. In deciding what is right or wrong, your financial planner should rely on his or her integrity as the appropriate touchstone. Integrity demands honesty and candor, which must not be subordinated to personal gain and advantage. Within the characteristic of integrity, allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one’s principles. Integrity requires the financial planner to observe not only the letter but also the spirit of this Code of Ethics.
- 2) Objectivity – Your financial planner shall be objective in providing professional services to clients. Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional. Regardless of the particular service rendered or the capacity in which a financial planner functions, a CFP Board designee should protect the integrity of his or her work, maintain objectivity and avoid subordination of his or her judgment that would be in violation of this Code of Ethics.
- 3) Competence – Your financial planner shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the financial planner is engaged. One is competent only when he or she has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate.
- 4) Fairness – Your financial planner shall perform professional services in a manner that is fair and reasonable to clients, principles, partners and employers, and shall disclose conflict(s) of interest in providing such services. Fairness requires impartiality, intellectual honesty and disclosure of conflict(s) of interest. It involves a subordination of one’s own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.
- 5) Confidentiality – Your financial planner shall not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the financial planner in connection with a civil dispute between the

financial planner and client. A client, by seeking the services of a financial planner, may be interested in creating a relationship of personal trust and confidence with the financial planner. This type of relationship can only be built upon the understanding that information supplied to the financial planner will be confidential. In order to provide the contemplated services effectively and to protect the client's privacy, the financial planner shall safeguard the confidentiality of such information.

- 6) Professionalism – Your financial planner's conduct in all matters shall reflect credit upon the profession. Because of the importance of the professional services rendered by the financial planner, there are attendant responsibilities to behave with dignity and courtesy to all those who use those services, fellow professionals, and those in related professions. A financial planner also has an obligation to cooperate with the other financial planners to improve the quality of services. It is only through the combined efforts of all financial planners, in cooperation with other professionals, that this vision can be realized.
- 7) Diligence – Your financial planner shall act diligently in providing professional services. Diligence is the provision of services in a reasonably prompt and thorough manner. Diligence also includes proper planning for and supervision of, the rendering of professional services.

We specifically prohibit the following:

- 1) Guarantees Against Loss – We do not guarantee against any loss with respect to any securities transactions or investment strategies..
- 2) Guarantees of Performance – We do not guarantee a specific level of performance we will achieve. Any mention or discussion of an investment's past performance or value must include a discussion that past performance does not guarantee a future result.
- 3) Sharing in Profits or Losses – We do not share in the profits or losses of a client's account.
- 4) Borrowing From or Lending to a Client – We do not share or borrow funds or securities from any client nor do we lend funds or securities to any client of Carter Capital Management without written approval by the CEO and CCO.
- 5) Acting as Custodian or Trustee for Client – We may not act as custodian of securities, money or other funds or property of a client nor may any supervised person act or serve as a trustee of any client without written authorization from the CEO.

Because governmental regulations and industry standards relating to personal trading and potential conflicts of interest can change over time, we reserve the right to modify any or all of the policies and procedures set forth in our Code of Ethics.

### **Personal Securities Disclosure**

We (our principals and associates) may buy or sell index funds and mutual fund securities for our own accounts that we have recommended to clients, except where we believe a conflict of interest could arise.

We (including all “designated persons”) will seek to ensure that we do not personally benefit from the short-term market effects of our investment recommendations. Other than investments in open end mutual funds or Treasury Securities, we do not advise any of our clients to purchase interests in securities that may also be owned by us or by any person or company affiliated with us.

Principals and associates, as well as employees or affiliated parties, may have personal accounts supervised by us. The management of these portfolios is carried out using the same strategies, guidelines, methodologies, and procedures used for all our clients. The accounts of the Principals and their immediate family pay no advisory fees to Carter Capital Management for these services, although they pay the same fund management/overhead expenses and manager fees as our clients in these same funds or managers.

To prevent conflicts of interest, all our employees must comply with our Policies and Procedures, which impose restrictions on the purchase or sale of securities for their own accounts (and the accounts of any affiliated persons, if there were any). These restrictions include the review of all employee and associated person trades by the CCO, and quarterly reporting of all personal securities transactions, except exempt transactions such as “registered investment company securities” (open end mutual funds) and Treasury securities. Further, our Policies and Procedures impose specific rules that address the misuse of material non-public information which are designed to prevent insider trading by any officer, partner, or associated person of Carter Capital Management.

Neither we nor any associated persons have any material financial interest in client transactions beyond providing investment advisory services as disclosed in this “Brochure.” However, we may, and many times do, invest in the same securities that we recommend to you, and may do so at or about the same time as we buy and sell securities for you. No potential conflicts of interest can arise since the securities we use for you are index funds, mutual funds and individual bonds. Clients and potential clients may request a complete description of our “Code of Ethics”, by contacting the Firm in writing to request a copy.

We maintain a policy that requires the following procedures be followed when establishing and maintaining a portfolio of securities. We maintain a record of every transaction in a security or by reason of such transaction, acquire any direct or indirect beneficial ownership, except the following transactions (the “Exempt Transactions”):

- 1) Transactions effected in any account over which Applicant has neither direct or indirect influence or control; and
- 2) Transactions in securities that are direct obligations of the United States.

- 3) Transactions in shares of unaffiliated open-end investment companies (mutual funds), are accepted consistent with SEC no-action letter and in conjunction with amendments to Rule 17j1.
- 4) The Personal Security Transaction report states:
  - a. The title and amount of the security involved;
  - b. The date and nature of the transaction (i.e. purchase, sale or other acquisition or disposition);
  - c. The price at which it was effected; and
  - d. The name of the broker, dealer, or bank with or through whom the transaction was effected.

Our policy is that all securities acquired (except in an Exempt Transaction) must occur after the end of a reasonable time period following the trade date of a client's securities. Known as "front running", at no time may a trade precede trades for clients.

Transactions are recorded not later than 10 days after the end of the calendar quarter in which the transactions were effected, or by the 10<sup>th</sup> day of January, April, July and October of each year.

Any "access person" (i.e. supervised person that has access to nonpublic information regarding recommendations to clients on the purchase or sale of securities, clients' trading information or nonpublic information regarding a portfolio holding of an affiliated mutual fund, or involved in providing investment advice to clients) shall upon receipt of this information complete and submit a Personal Securities Transaction report within 10 days and annually thereafter. This information must be current as of the date the individual becomes an access person or, for an annual report, the date the report is submitted. Access persons must report their personal trading activities, if any, quarterly to the adviser's Chief Compliance Officer within 30 days after the close of the quarter. All advisers must gain pre-approval in any initial public offering or private placement. Any violation of the code shall be reported to the Chief Compliance Officer.

## **Item 12: Brokerage Practices**

We typically have a limited power of attorney to act on a discretionary basis on your behalf, based on your agreement with the custodian selected. When such limited powers exist between you and us, we may choose both the amount and type of publicly traded securities to be bought to satisfy your objectives. However, your investment policy statement creates specific guidelines for the types of securities that may be used for your account.

We will generally recommend that portfolio management clients establish custodial/brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker/dealer, member SIPC, or TD Ameritrade Institutional (TD Ameritrade), a division of TD Ameritrade, Inc. member FINRA, SIPC, NFA to maintain custody of clients' assets and to affect trades for their accounts. You are not required to use Schwab or TD Ameritrade to engage us as your adviser.

We are independently owned and operated and not affiliated with Schwab or TD Ameritrade. Schwab and TD Ameritrade provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis and are not otherwise contingent upon Carter Capital Management committing to Schwab or TD Ameritrade any specific amount of business (assets in custody or trading).

For our client accounts maintained at Schwab or TD Ameritrade, custody is provided with no direct fee charge, as Schwab and TD Ameritrade are compensated through commissions or other transaction-related fees for securities trades that are executed through Schwab or TD Ameritrade or that settle into Schwab or TD Ameritrade accounts. The brokerage commissions and/or transaction fees charged by Schwab or TD Ameritrade or any other designated broker/dealer are exclusive of and in addition to our fees and we do not receive any portion of these charges.

We may receive from Schwab or TD Ameritrade, at no cost, professional services, computer software and related systems support, enabling us to better monitor client accounts maintained at these custodians. We may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at these custodians. The support provided may benefit us, but not clients directly.

In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that receipt of economic benefits from a custodian may create a conflict of interest since these benefits could potentially influence our choice of custodian over another custodian that does not furnish similar services, software and systems support.

### **Best Execution**

The commissions paid by our clients shall comply with our duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where we have determined, in good faith, that the commission is reasonable.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer’s services, including among others, overall reputation, execution capability, transaction costs, reliability and responsiveness.

Consistent with the foregoing, while we will seek to ensure you receive competitive rates, you may not necessarily obtain the lowest possible transaction cost for any given securities transaction. If you request we arrange for the custody of your account, the execution of securities brokerage transactions shall be directed through the broker/dealer affiliated with the custodian selected. We shall periodically review our policies and procedures regarding recommending custodians, and their affiliated broker/dealers, to clients in light of our duty to ensure you are receiving best execution services.



Typically, you do not have the ability to direct us to use a particular broker-dealer to execute transactions for your account, unless you have selected a custodian that allows you to do so. In that case, you will negotiate terms and arrangements for the account with that broker-dealer, and we will be under no obligation to seek better execution services or prices from other broker/dealers or be able to “batch” client transactions for execution through other broker/dealers with orders for other accounts managed by us. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

We do not have arrangements (often referred to as “soft dollar” arrangements), either orally or in writing, where we are paid cash by or receive commissions, or equipment, from a non-client in connection with giving advice to clients. However, we do recommend that clients establish brokerage accounts with certain broker/dealers to maintain custody of clients’ assets and to effect trades for their accounts.

These broker/dealers may provide us with access to trading and operations services, which may not typically be available to retail investors, and which facilitate our ability to serve you using that custodian. These services generally are available to independent investment advisers at no charge to them so long as some minimum amount of the adviser’s client assets are maintained at the custodian. These services include research, performance reports, discount brokerage, custody, access to certain mutual funds and money managers and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, benefits include websites and software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide pricing information, performance reporting and other market data, and facilitate payment of the Firm’s fees from client accounts. Services that we may avail ourselves of may include publications and presentations on investment issues that may benefit all clients, not just those of that custodian.

Although the custodian or broker/dealer may discount or waive fees it would otherwise charge for some of these services, if there is such a fee waiver or discount for a product or service not within the “Section 28(e) safe harbor,” we will either refuse the benefit or pay the full undiscounted fee that would otherwise be charged if we did not have clients using that custodian or broker/dealer.

Finally, it is usual for these custodians or broker/dealers, fund companies or management firms to provide investment education opportunities and custodian updates with certain expenses paid for by the custodian. Expenses may include room and board and certain ground transportation reimbursements only. We may participate in these programs from time to time.

The availability of these products and services is *not* contingent upon our committing to any broker/dealer any specific amount of trading, although there is typically a minimum

asset level required to qualify for certain of the institutional services detailed above. These services are typical of many discount brokerage firms and other custodians serving the adviser marketplace. While these services may provide benefits to us, and in most cases to our clients, such services do not constitute a determining factor for us in the selection and recommendation of a particular firm as custodian and/or broker/dealer. If we believed another custodian or broker/dealer would provide better, safer, superior service to you and our other clients, we would recommend them.

We do not use brokerage commissions to obtain research or other products or services. Commissions paid by our clients represent fair and reasonable discount brokerage firm rates when held at Schwab. The benefits received from the custodians we use for asset custody are relatively minor. Our first consideration is the low cost of trades and quality of custody services and quality of the monthly statements received by our clients.

Research from Schwab or TD Ameritrade does not constitute an important source of information for us as it is information typically available from many public sources. We consider the value of such information from custodians to be inconsequential to our decision making process.

We do not and will not cause you to pay commissions higher than those charged by other broker/dealers in return for “soft dollar” benefits. Clients pay standard discount brokerage rates at Schwab and TD Ameritrade. You do not pay for any potential “soft dollar” benefits we may receive from the custodians/discount brokers we use.

We use custodians and their related broker/dealers because they provide safety, security, low cost competitive trades and clear and accurate monthly statements to you. They do not charge you more than their other customers because of benefits we might receive from them. You do not pay higher than market commissions for trades so that we can receive benefits from a custodian.

We do not consider, in selecting or recommending broker/dealers, whether we receive client referrals from a broker-dealer or third party. We do not have any arrangements with any third parties relating to receiving referrals of clients.

You may use the custodian and broker/dealer of your choice. We do not dictate the custodian to be used, though we will recommend the custodians we believe will be beneficial to your best interest. Once a custodian is selected, it is anticipated that this custodian will execute any and all trades we submit to them. Essentially, we trade in index funds and open end mutual funds almost exclusively with very minor and rare exceptions. Therefore, trade execution is not an issue, only the cost of the trade which has been addressed above.

Separate account managers have a fiduciary and regulatory obligation to obtain best execution when they execute trades. We do not get involved in the trading decisions of separate account managers that are hired, however, do require that they commit to meeting the requirement of best execution and have a formal policy in place. We do not

audit or independently obtain outside assurance that they are in fact meeting this standard.

Given the nature of the securities we use for your account(s), we do not aggregate the purchase or sale of securities. We do not have opportunities to benefit from aggregate trades.

### **Item 13: Review of Accounts**

Client portfolios are formally reviewed and evaluated at least quarterly and formal performance reports are generated and sent to you following each quarter end. Investment policy statements are created initially before investing, and then reviewed at least annually and updated as needed or requested.

Your advisor, David H. Carter, performs all client portfolio reviews. The reviews include the monitoring accounts for investment selection and asset allocation. The review includes daily monitoring of all transactions affecting each account, including "called," redeemed and maturing securities, quarterly reviews of asset allocations, and annual reviews with clients to assess proper investment strategies and objectives.

David H. Carter, President, is responsible for and completes each review in their entirety. You may request a review at any time, whether this is an investment policy statement review, other financial planning issue review or a portfolio performance review. In addition, if an event comes to our attention we may also initiate a review if, in our opinion, the event warrants such action.

Although we do not create comprehensive plan reports, we do offer comprehensive financial planning services. You may engage us to assist you with your financial planning needs including retirement planning, estate planning, education planning, cash flow analysis, insurance and charitable giving strategies. In the event we have done such planning for you, reviews and updates will be done at your request and convenience.

Your custodian will provide you with monthly "balance and activity" reports in writing, detailing your holdings and all transactions for the period (quarterly reports may be substituted, however, you are discouraged from choosing quarterly statements in lieu of monthly statements from the custodian).

We will provide you with a detailed, performance report every quarter that breaks down individual investment performance by asset class and by sub-asset class (or domestic equity "style"). Performance is compared to selected, published benchmarks, which are specifically identified on the report. Graphs demonstrating longer term performance trends are also provided with this report every quarter. These performance reports are provided electronically in a PDF file and are accompanied by a financial market evaluation and review letter.

### **Item 14: Client Referrals and Other Compensation**

We receive no cash payments from any party, affiliated or unaffiliated with us, for providing investment or any financial related services to our clients. If monetary benefits are offered by any custodian or other service provider for any reason, other than as a reasonable affinity discount from independent service providers who support our client service model, it is against our stated policies and procedures to accept such payments (e.g. we will not accept money or money's worth for marketing related activities if and when offered).

We do have the opportunity to receive traditional "non-cash benefits" from Schwab and TD Ameritrade. These non-cash benefits may include customized statements for you, receipt of client confirmations of contributions and distributions from your account(s) and bundled duplicate electronic statement downloads; ability to have investment advisory fees deducted directly from your account(s); access to an electronic communication network for accessing your account information; access to mutual funds and money managers which generally require significantly higher minimum initial investments or those that are otherwise only generally available to institutional investors or other limited distribution channels; reporting features; receipt of industry communications; and reasonable discounts on business-related products ("affinity discounts") from time to time. Schwab or TD Ameritrade may also provide cash and other non-cash benefits relating to the marketing of our services from time to time, however, we do not take advantage of any such benefits, nor have we ever taken advantage of such benefits. Schwab or TD Ameritrade may also provide general access to research and discounts on research related products from time to time. Any research received is used for the benefit of all clients.

We have no formal written or verbal arrangements/agreements whereby we receive "soft dollar" benefits. From time to time, Schwab or TD Ameritrade may offer to us the opportunity to attend industry-related conferences or other similar benefits; however, we do not believe that such incentives impair our independence or objectivity.

We will generally recommend that you establish custody/brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab) or TD Ameritrade Institutional (TD Ameritrade), a division of TD Ameritrade, Inc, Member FINRA/SIPC/NFA to maintain custody of your assets and to effect trades for your account(s). These firms provide us with access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of an adviser's clients' assets are maintained with them. These services are not contingent upon us committing to any specific amount of transaction business (trading commissions).

For our client's accounts in Schwab or TD Ameritrade's custody, Schwab or TD Ameritrade will generally not charge separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees. Schwab or TD Ameritrade make available to us other products and services that benefit us but may not directly benefit client accounts. Many of these

products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab or TD Ameritrade.

Schwab or TD Ameritrade products and services that assist us in managing and administering clients' accounts can include website access and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. We do not avail ourselves of all of these potential benefits though they are available to us.

Schwab and TD Ameritrade also offer other services intended to help us manage our business enterprise. These services may include: (i) compliance, legal and business consulting; and (ii) publications and conferences on practice management and business succession. Schwab or TD Ameritrade may make available, arrange and/or pay third-party vendors for the types of services rendered to us, although we do not presently avail ourselves of such benefits from Schwab or TD Ameritrade. Schwab or TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

Schwab or TD Ameritrade may also provide other benefits such as educational events or occasional business entertainment of Carter Capital Management personnel (e.g., a dinner or local sporting event - none of our personnel have participated in such an event since the inception of the firm).

In evaluating whether to recommend or require that clients custody their assets at Schwab or TD Ameritrade, we will not take into account the availability of the foregoing products and services and other arrangements as part of the total mix of factors we consider, but instead will solely consider the nature, cost and/or quality of custody and brokerage services provided by Schwab or TD Ameritrade. These ancillary services provided by Schwab or TD Ameritrade are not unique to them, and other custodians provide similar if not identical support service to advisers.

Although we may recommend that clients establish custody/brokerage accounts at Schwab or TD Ameritrade, it is the client's decision to custody assets with either. We are independently owned and operated and not affiliated with Schwab or TD Ameritrade, or any of their affiliates.

We do not, directly or indirectly, compensate any person for client referrals.

### **Item 15: Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability

to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Carter Capital Management is deemed to have custody of client funds and securities whenever Carter Capital Management is given the authority to have fees deducted directly from client accounts. Additionally, Carter Capital Management is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian.

The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. A qualified custodian holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee. Clients should carefully review the account statements they receive from the qualified custodian. When clients receive reports from Carter Capital Management as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

### **Item 16: Investment Discretion**

We typically are given a limited power of attorney to act on a discretionary basis on your behalf for purposes of selling and buying securities in your account. When such limited powers exist between us, we have the power to choose both the amount and type of security to be bought and sold to satisfy client account objectives without your explicit approval. In addition, you have the option to authorize us to direct disbursement of funds for investment purposes or to you personally.

In the event that you choose to authorize us with disbursement authority, the authorization is limited to remitting checks, wiring funds, and otherwise to make disbursement of funds held in the account (1) to banks, broker-dealers, investment companies or financial institution to an account of identical registration or (2) to you personally at your last address of record. Under no circumstances does this disbursement authority allow for the disbursement of funds to anyone other than an account of identical registration or to you personally at your last address.

Generally, these powers are as described in the custodial agreement, as your agreement with us does not, in and of itself, provide for powers of attorney or for any discretion over assets. In practice, we will follow the investment policy statement regarding the types of funds and assets to use and the amounts of your assets committed to each fund or asset type.

In practice, typically only the execution of your investment policy or rebalancing will take place without your explicit consent and approval. Additionally, we will accept any reasonable limitation or restriction to such authority on the account by you, though modification of certain discretionary powers may require selection of a custodian Schwab Institutional.

All limitations and restrictions placed on accounts must be presented to us, and agreed to, in writing.

### **Item 17: Voting Client Securities**

We do not have any authority to, and consequently do not, vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolio(s).

In addition, we will neither advise nor act on your behalf in legal proceedings involving companies whose securities are held or previously were held in your account(s), including, but not limited to, the filing of Proofs of Claim in class action settlements. If desired, you may direct us to transmit copies of class action notices to you or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

You will receive proxy voting requests and information from the custodian that holds your securities. We may provide advice to you regarding your voting of proxies if you request such advice. You may contact us by telephone or email with questions regarding such proxies.

### **Item 18: Financial Information**

We will never require an advance prepayment of any amount that covers a six month or greater period of time. Though you will pay in advance for advisory services, that period will typically cover a three month period only. There is no financial condition of the firm that would likely impair our ability to meet contractual commitments to you or to any of our clients.

Generally, we have limited discretionary authority over trades and disbursement authority in your account(s) as described above in Item 16. In addition, we have authority to instruct the custodian to pay your quarterly fee from your account to us.

We (meaning the firm, its principals, officers and advisers), have never been the subject of a bankruptcy petition.

### **Item 19: Requirements for State Registered Advisers**

- 1) Other than David H. Carter's, President, non-compensated activity with IFP Access, we do not engage in any other business that is not directly connected to providing investment and financial advice and services to clients.

- 2) We do not receive “performance based” fees. Performance based fees are generally defined as those additional and incremental fees paid for a period of time (typically a quarter or year) on performance that exceeds some predetermined amount (a “benchmark”). Although our fees will increase and decrease as your portfolio size increases or decreases based on performance, or from contributions and distributions, these are not considered “performance based” fees.
- 3) We have not been involved in any of the events listed below:
  - a. An award, or otherwise being found liable, in an arbitration claim alleging damages, involving any of the following:
    - i. an investment or an investment-related business or activity;
    - ii. fraud, false statement(s), or omissions;
    - iii. theft, embezzlement, or other wrongful taking of property;
    - iv. bribery, forgery, counterfeiting, or extortion; or
    - v. dishonest, unfair, or unethical practices.
  - b. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - i. an investment or an investment-related business or activity;
    - ii. fraud, false statement(s), or omissions;
    - iii. theft, embezzlement, or other wrongful taking of property;
    - iv. bribery, forgery, counterfeiting, or extortion; or
    - v. dishonest, unfair, or unethical practices.
- 4) Neither we, nor any of our owners or management personnel, have any arrangements or relationships with any issuer of securities.

## **Item 20: Our Privacy Policy, Insider Trading Policy and Trade Error Policy**

### **Privacy Policy**

CARTER CAPITAL MANAGEMENT considers client privacy to be a fundamental aspect of our client relationships. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients’ personal information.

In the course of providing you with advisory services, we may collect, retain, and use client information for the purpose of administering our operations, providing client service, and complying with legal and regulatory requirements. This information may come from sources such as account applications, investment policy statements, from your transactions, and other forms from other written, electronic or verbal correspondence from your brokerage, attorney, accountant or other advisor you may employ. We do not sell, exchange or disclose client information with outside organizations unless the third party is essential in administering our operations or except as required or permitted by law.

No confidential information, whatever the source, regarding any customer or client, may be disclosed except the following: We reserve the right to disclose or report personal



information where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities. Adviser reserves the right to disclose information with other Adviser employees in connection with the Adviser's business and to nonaffiliated third parties with whom the Adviser has a contractual agreement to jointly offer, endorse or sponsor a financial product or service; and to service and maintain customer accounts including effectuating a transaction. Adviser may disclose information about client or client's account to a non-affiliated third party at client's written request.

Lastly, to further safeguard client information digitally, we maintain password protected systems, updated anti-virus and anti-spyware software, and encrypted hardware and software firewalls.

### **Insider Trading Policy**

Securities laws impose substantial responsibilities and penalties on investment advisors in connection with insider trading. "Inside information" is material, non-public information. It includes information, which in reasonable and objective contemplation might affect the value of a corporation's stock or securities, or information, which, if known, would clearly affect 'investment judgment', or which directly, bears on the intrinsic value of a company's stock.

CARTER CAPITAL MANAGEMENT employees and representatives are strictly prohibited from gaining profit, avoiding loss, or otherwise misusing or directly or indirectly benefiting financially or otherwise from any material, nonpublic information. Prohibited activities relating to insider trading include but are not necessarily limited to the following:

- 1) Trading in any account, individual account, or discretionary account in a security, option, bond or warrant while in possession of important non-public information, such as, but not limited to advanced knowledge of a tender offer or underwriting or block transfer.
- 2) Providing any important non-public information to any client, relative, associate or any other individual whom then trades in securities or otherwise directly or indirectly benefits from such information.
- 3) Sharing or otherwise having an interest in any account establishing a fictitious or nominee account for the purpose of concealing such interest in an account that gains a profit, avoids a loss, or otherwise directly or indirectly benefits, financially or otherwise, from material, non-public information.
- 4) Engaging in any other device, scheme or contrivance to directly or indirectly benefit, financially or otherwise, from important non-public information. Any supervised person proven to be involved in insider trading is subject to immediate dismissal. Furthermore, individuals found to be guilty of insider trading are subject to penalties provided by law which may include civil injunctions, disgorgement of profits, jail sentences, fines of up to three times the profit gained or loss avoided, fines for the employer or other controlling person of the person who committed the violation.

**Trade Error Policy**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a corrected trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

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**Carter Capital Management**  
Form ADV Part 2B  
Investment Advisor Brochure Supplement  
January 1, 2023

This brochure supplement provides information about David H. Carter that supplements the Carter Capital Management brochure. You should have received a copy of that brochure. Please contact David H. Carter, President, if you did not receive Carter Capital Management brochure or if you have any questions about the contents of this supplement. Additional information about David H. Carter is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Carter Capital Management  
David H. Carter, President, Chief Compliance Officer  
12827 Tosca Lane  
Houston, TX 77024  
[davidcarter@carter-capital.com](mailto:davidcarter@carter-capital.com)  
[www.carter-capital.com](http://www.carter-capital.com)

## **Item 2: Educational Background and Business Experience**

**David H. Carter** - President, Chief Compliance Officer, Chief Investment Officer

**Year of Birth: 1971**

### **EDUCATION, DESIGNATIONS AND PREVIOUS EMPLOYMENT**

#### **Education**

##### ***University of Texas at Austin:***

Bachelor of Business Administration – Majors: Marketing, 1993

##### ***University of Houston:***

Master of Business Administration, 2003

#### **Designations Held:**

CERTIFIED FINANCIAL PLANNER™ (CFP®)

#### **Employment History/ Licenses held:**

Carter Capital Management, President, CCO

2003 – Present

IFP Access LLC, Managing Partner

2010 – Present

Merrill Lynch, Pierce, Fenner, and Smith Inc., Financial Advisor

1998 - 2003

Olde Financial Corp., Financial Advisor

1995 – 1998

#### **Description of Designations:**

**Certified Financial Planner™ (CFP®)** The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete master's level collegiate courses of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP

Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax-planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Item 3: Disciplinary Information**

There exist no legal or disciplinary events that you should be aware of in your evaluation of David H. Carter

### **Item 4: Other Business Activities**

David H. Carter provides certain litigation support services and may from time to time engage as an expert witness in lawsuits involving claims of breach of fiduciary duty on the part of an investment adviser or advisory firm. There is no business relationship between the advisory business and this other business activity. We do not believe this activity creates any conflicts of interest or other potential breaches of fiduciary duty. His compensation received is an hourly fee based on time spent on the case. He would not take any engagement which he reasonably believed would infringe on his fiduciary responsibilities to any client.

David H. Carter, President, also serves as Managing Partner of IFP Access LLC. IFP Access LLC, ("IFP") operates the website [www.ifpaccess.com](http://www.ifpaccess.com).

IFP is a free website providing the general public the ability to search for financial planners throughout the United States who are Independent, Fee-Only and Certified Financial Planner™ professionals, as is Mr. Carter's firm. The website provides practicing financial planners an avenue to present information about their practices, write articles (blogs), connect their practices to the public through social media outlets such as YouTube, Twitter, Linked In and/or Face book and engage interested prospective clients.

Currently Mr. Carter receives no compensation from IFP. IFP does not recommend one advisor over another and visitors to IFP are free to select any advisor at their choosing. Additionally, under no circumstance does Mr. Carter recommend any of these advisor's services to his clients at Carter Capital Management. Thus, we do not believe this service creates a conflict between Mr. Carter's investment advisory practice and his clients. Additionally, due to its low demand of time and resources, we do not believe this activity creates an undue burden that would compromise his ability to perform his advisory duties.

Mr. Carter does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

#### **Item 5: Additional Compensation**

David H. Carter does not receive economic benefits other than fee charged for his for providing advisory services through the firm. Mr. Carter, as Managing Partner of IFP may receive compensation from his activities operating IFP Access LLC.

#### **Item 6: Supervision**

David H. Carter, as the president, chief investment officer and chief compliance officer, supervises himself. All advice is continually reviewed by and meets the approval of the president and CCO of the firm. The name, title and telephone number of the person responsible for supervising David H. Carter's advisory activities on behalf of our firm is as follows:

David H. Carter, President & CCO, (713) 973-9515

#### **Item 7: Requirements for State Registered Advisers**

David H. Carter has NOT been involved in any of the events listed below:

- 1) An award or otherwise being found liable in an arbitration claim alleging damages involving any of the following:
  - a. an investment or an investment-related business or activity;
  - b. fraud, false statement(s), or omissions;
  - c. theft, embezzlement, or other wrongful taking of property;
  - d. bribery, forgery, counterfeiting, or extortion; or
  - e. dishonest, unfair, or unethical practices.
- 2) An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a. an investment or an investment-related business or activity;
  - b. fraud, false statement(s), or omissions;
  - c. theft, embezzlement, or other wrongful taking of property;

- d. bribery, forgery, counterfeiting, or extortion; or
- e. dishonest, unfair, or unethical practices.

David H. Carter has never been the subject of a bankruptcy petition.