

# **Waddell & Associates, LLC.**

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This Brochure provides information about the qualifications and business practices of Waddell & Associates, LLC. (“W&A”). If you have any questions about the contents of this Brochure, please contact us at (901) 767-9187. 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.

W&A is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provides you with information about which you determine to hire or retain an Adviser.

Additional information about W&A also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for W&A is 283723.

## **Item 2 – Material Changes**

This Item of the Brochure discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes.

The following material changes were included in this update.

We have begun a business arrangement with an affiliated firm under which certain clients of our firm invest a portion of their assets in certain of the affiliated firm’s private investment vehicles. Please see Items 4, 5, 10, and 11 for details of this arrangement.

We have updated Item 14 to disclose a new promotor arrangement.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at (901) 767-9187.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 – Disciplinary Information .....	13
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices .....	17
Item 13 – Review of Accounts .....	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	21
Item 16 – Investment Discretion.....	21
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information.....	22

## Item 4 – Advisory Business

Waddell & Associates, LLC (“W&A”) (CRD #283723), succeeded to the advisory business of its predecessor Waddell & Associates, Inc. (CRD #105746/ SEC # 801-26693) on April 1, 2016 and does business under the name of Waddell & Associates, LLC. The predecessor’s business was founded in 1986. The advisory services and management of W&A remains the same. W&A is continuing the advisory business of the prior adviser in all respects.

FOCUS OPERATING, LLC, FOCUS FINANCIAL PARTNERS, LLC and FOCUS FINANCIAL PARTNERS INC.

W & A is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, W & A is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board of Directors at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of this service and other important information.

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of this service and other important information.

Additionally, W & A offers a cash management aggregator system named Flourish Cash. Flourish Cash is a service offered by an unaffiliated third-party, Stone Ridge Securities, LLC, a registered broker-dealer and FINRA member. A Flourish Cash account is a brokerage account whereby the cash balance is swept from the brokerage account to deposit accounts at one or more third-party banks that have agreed to accept deposits from customers of Stone Ridge Securities, LLC. Stone Ridge Securities LLC is an indirect, wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company. Please refer to the applicable disclosures provided separately by Stone Ridge Securities upon account opening.

W&A is managed by David Waddell, Tara Meeks, Perry Green and Sean Gould (“W&A Principals”), pursuant to a management agreement between W&A Management Partners, LLC and W&A. The W&A Principals serve as officers of W&A and are responsible for the management, supervision and oversight of W&A.

As of December 31, 2022, the firm managed \$1,033,645,313 in discretionary assets under management and 99,374,585 in non-discretionary assets, totaling \$1,133,019,898 in regulatory assets under management. W&A provides non-discretionary advice regarding mutual fund selection for \$51,015,437 of assets in self-directed corporate pension and profit sharing plans. W&A structures model portfolios of mutual funds and assists record keepers in making the models available to plan sponsors for use as asset allocation investment solutions within their plan.

W&A offers a robo-advisory service, W&Ai Investments Online (“W&Ai”), which, as of December 31, 2022 had non-discretionary managed assets as of \$1,411,730.

The firm provides wealth management services to individuals as well as corporate and professional pension and profit sharing plans. W&A will typically create a portfolio of mutual funds, ETF’s and structured notes, using model portfolios which match the client’s investment policy. W&A meets with its clients to determine individual investment objectives, risk tolerances, and appropriate asset mixes. W&A generally selects mutual funds and ETFs for portfolio construction and monitors the performance of these funds, adjusting portfolio positions in response to changing economic and market conditions.

Client portfolios may also include some individual equity and fixed income securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. In most circumstances, these positions will be considered “Unmanaged” and W&A normally will have no obligation to recommend or take any action with regard to these unmanaged securities, unless previously agreed to by both parties. W&A may or may not have discretionary authority over these assets and whether these assets are included in the calculation of the advisory fee is contingent on the predetermined arrangements with that individual client. Unmanaged assets may be managed differently among clients depending on legacy relationships, predetermined agreements with clients, and unexpected life events clients may encounter (e.g., cash needs, large financial purchases, gifted securities, etc.).

W&A may retain third-party managers to invest a portion of a clients’ fixed income or equity portfolio. Third-party equity managers are utilized if a client requests equity management outside of W&A’s customary models. W&A has the discretion to hire and terminate third-party managers with authority to manage client assets on a discretionary basis. W&A monitors such third-party managers and charges clients an investment management fee on the total client assets under management. In addition, third-party managers will charge a separate and distinct investment management fee for managing such client assets.

For certain clients, W&A may also utilize structured notes, which is a debt obligation that also contains an embedded derivative component that adjust the security’s risk/return profile. The return performance of a structured note will track both that of the underlying debt obligation and the derivative embedded within it.

## **Held-Away Assets**

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans, and other assets that are not held at our primary custodian(s). The order management system that we use for held-away accounts is provided by Pontera Solutions, Inc. We review, monitor, and manage these held-away accounts in an integrated way with client accounts held at our primary custodian(s). Further information about this service is available in Item 5.

## **W&Ai Investments Online (“W&Ai”)**

W&A may also utilize for certain lower asset balance clients the Schwab Intelligent Portfolios™ (“Program”) platform sponsored by Charles Schwab, (“Program Sponsor”). The Program Sponsor is an unaffiliated SEC registered third-party service provider which offers an electronic algorithms platform which ensures client portfolios are aligned with the client’s investment objective and risk tolerance via model portfolios. W&A has branded this Program as W&Ai. Under this automated investment advisory program, trading and rebalancing is determined via an algorithm based on model portfolios created by W&A, with cash flows and dividends used to keep the portfolio in balance. Also referred to as “robo-advisory services”, the Program Sponsor provides W&A with the technology platform to automate the management of portfolios of ETFs and mutual fund securities, provides sub-advisory services and acts in a discretionary capacity to the client’s account. Any clients that use the Program will receive the W&Ai Program Disclosure Brochure (“Program Disclosure Brochure”) from the Program Sponsor which includes a more detailed description and additional information.

## **Employee Benefit Plan Services:**

W&A also provides mutual fund selection for self-directed 401(k) corporate pension and profit sharing plans. W&A structures risk-based models using either index funds or a mix of passive and active funds and also provides a fund line up that may be made up of active or passive funds depending on the plan sponsor’s wishes. W&A assists record keepers in making the models available to plan sponsors for use as asset allocation investment solutions within their plan. At the plan's request, W&A will provide recommendations for pooled assets that reflect various investment objectives as additional options for the plan participants. Each model’s structure and allocation among the individual components are monitored, changed and rebalanced as necessary. W&A will also meet annually with the plan trustees and provides education to plan participants as needed.

W&A is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plans and ERISA plan participants. W&A is also a fiduciary under section 4975 of the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, W&A is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a “PTE”).

## **Financial Planning Services (Including Stand-Alone Plans):**

As a compliment to its investment advisory services, W&A provides advice in the form of financial planning. In general, the financial plan may address any or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- EDUCATION: Education IRAs, 529 plans and general assistance in preparing to meet dependent's continuing educational needs.
- TAX & CASH FLOW: Income tax, spending analysis and planning for past, current and future years.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.
- DIVORCE PLANNING: Address financial issues and decisions that face couples in process of divorce.

Information gathered includes a client's current financial status, future goals and attitudes towards risk. Should a client choose to implement the recommendations contained in the plan, W&A suggests the client work closely with his/her attorney, accountant and/or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

Financial planning recommendations are of a generic nature and are not limited to any specific product or service offered by a broker dealer or insurance company.

We have a business arrangement with SCS Capital Management LLC ("SCS"), who is an indirect, wholly-owned subsidiary of Focus LLC, under which certain clients of W&A have the option of investing in certain private investment vehicles managed by SCS. W&A is an affiliate of SCS by virtue of being under common control with it. Please see Items 5, 10, and 11 of this Brochure for further details.

### **Additional Consulting Services:**

W&A may provide consulting services related to changes in financial situations resulting from a divorce. In accordance with the terms of the written agreement with the client and based on the information provided by the client, W&A will prepare a financial analysis addressing the financial issues resulting from a divorce. Compensation for this consulting service is described below in Item 5.

### **Our Fiduciary Obligation**

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

## **Item 5 – Fees and Compensation**

### **General Information on Fees**

The specific manner in which fees are charged by W&A is established in a client's written agreement with W&A. W&A Clients may authorize W&A to directly debit fees from client accounts or elect to be billed directly for fees on

a quarterly basis, in arrears, based on the ending asset values. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

As a general rule, W&A does not negotiate its annual management fees. Under certain circumstances, the fee schedule is negotiable, but any such customized schedule must be approved by W&A's Chief Executive Officer, Chief Financial Officer or Chief Administrative Officer.

Additionally, under certain circumstances and agreed upon by both parties, W&A may provide initial services to prospective clients that go beyond the standard presentation services routinely provided to prospects. In such a situation, W&A will charge a pre-determined, agreed upon fee which has been fully described and acknowledged by the prospect in an asset management contract.

W&A's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment 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, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to W&A's fee, and W&A shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that W&A considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

**Advisory Fees**

**Investment Management/Financial Planning Services:**

The annual fee for investment management/financial planning services will be charged as a percentage of total assets under management prorated for capital contributions and withdrawals made during the applicable calendar quarter, according to the schedule below:

<b><i>All Equity, Fixed Income, Balanced and Hybrid Portfolios</i></b>	<b><i>Fee</i></b>
<i>First \$1,000,000</i>	<i>1.333%</i>
<i>Second million (\$1,000,001 - \$2,000,000)</i>	<i>0.75%</i>
<i>Next six million (\$2,000,001 - \$8,000,000)</i>	<i>0.60%</i>
<i>Next twelve million (\$8,000,001 - (\$20,000,000)</i>	<i>0.50%</i>
<i>All assets above \$20,000,000</i>	<i>0.20%</i>

This fee inclusive of maintained Pontera platform.

schedule is assets on the



W&A may impose a minimum fee of \$30- \$100 to cover administrative expenses on client accounts with assets less than \$100,000.

## **Financial Planning**

On a case by case basis, under certain circumstances, W&A may do a stand-alone financial plan for a potential client for a fee or on a subscription basis. For these individual financial planning services, client can either be billed in advance, upon W&A completing the financial planning service, or on a subscription basis at a set amount. Fees are determined on a case by case basis depending on the potential account size and level of planning performed. The minimum fee for stand-alone financial planning will be \$5,000. This minimum fee may be negotiated for smaller financial planning projects. All fees are established and agreed to prior to the start of the planning process.

## **W&Ai**

For clients participating in the software-based Schwab Intelligent Portfolios™ program, also referred to internally as W&Ai, W&A calculates the fee and provides to the Program Sponsor to process all client billing in arrears on a quarterly basis.

W&A calculates performance and instructs the Program Sponsor to deduct the fee directly from the clients' portfolio maintained at the qualified custodian. Clients do not pay fees to the Program Sponsor or brokerage commissions or other fees to Charles Schwab as part of the Program. Charles Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

The annual fee for investment management services provided through the Schwab Intelligent Portfolios™ Program will be charged as a percentage of assets under management at a fee rate of 1.00%.

## **Employee Benefit Retirement Plan Services:**

Under certain circumstances, W&A provides consulting services to 401(k) pension plans that utilize an employee choice program for its investments. These accounts are not individually managed; rather, W&A reviews the available menu of investment choices offered by the custodian and makes recommendations to the plan trustees as to appropriate choices that could be offered to the participants. W&A will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles. W&A structures model portfolios of mutual funds and assists in making the models available to plan sponsors for use as asset allocation investment solutions within their plans. The model portfolios are designed to meet the needs of plan participants whose risk tolerance and investment objectives range from conservative to aggressive. Each model's structure and allocation among the individual components are monitored, changed and rebalanced as necessary. W&A will also recommend changes in the plan's investment vehicles as may be appropriate from time to time. W&A generally will review the plan's investment vehicles as necessary.

W&A charges a fee ranging from (.10% to 1.333% of plan assets annually, depending upon plan size) for these services. These fees are billed by the plan administrator or by W&A and payable quarterly, in arrears, based on ending asset values. However, since fees are generally assessed and paid through the plan to the plan administrator and then sent to W&A, valuation and payment dates vary depending upon the plan administrator's

accounting procedures. If the administrator utilizes a "pay in advance" method and forwards such prepaid fees to W&A, the pension plan is eligible to receive a refund (upon written request) of any such prepaid fees on a pro rata basis should client terminate W&A's services during the prepaid period. W&A at no time will receive more than one quarter's fees prepaid in advance.

We do not receive any compensation from SCS in connection with assets that our clients place in SCS's pooled investment vehicles. W&A's clients are not advisory clients of and do not pay advisory fees to SCS. However, our clients bear the costs of SCS's investment vehicle or vehicles in which they are invested, including any management fees and performance fees payable to SCS.

The allocation of W&A client assets to SCS's pooled investment vehicles, rather than to an unaffiliated investment manager, increases SCS's compensation and the revenue to Focus LLC relative to a situation in which our clients are excluded from SCS's pooled investment vehicles or invested in an unaffiliated third party's pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to cause us to recommend that our clients invest in SCS's pooled investment vehicles.

### **Additional Consulting Services**

W&A charges either a fixed rate or an hourly rate, plus reasonable out-of-pocket expenses, for divorce consulting services as outlined in Item 4 above. As agreed upon in advance and disclosed in the agreement, estimated hours will be determined in advance and billed as either a fixed fee or at a rate ranging from \$160-\$300 per hour. Fees will be billed as the engagement progresses and will be due upon receipt of the invoice. Clients may be required to provide a retainer to begin services.

### **Held-Away Assets**

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodian(s). The specific fee schedule charged by us is provided in the client's investment advisory contract with us.

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"). FTCS is compensated by sharing in the revenue earned by such third-party institutions for serving our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the financial institutions or, for cash balances, a lowered yield. FTCS shares up to 25% of this earned revenue with us when we are licensed to receive such revenue or when no such license is required. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Further information on this conflict of interest is available in Item 10 of this Brochure.

## **Focus Risk Solutions**

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity. If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, then FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. Further information on this conflict of interest is available in Item 10 of this Brochure.

## **Additional Information Regarding Fees**

Clients whose accounts predate this document are subject to fee arrangements which may differ from the above schedule. The specific manner in which fees are charged by W&A is established in a client’s written agreement with W&A. Generally, W&A will take into account any cash balance in its calculation of quarterly advisory fees. In certain circumstances, W&A has agreed not to bill on cash balances, however this is on a case by case basis.

On occasion, certain W&A clients may request to be invested in the Conductor Global Equity Value ETF (CGV-NYSE) managed by IronHorse Capital Management. This creates a potential conflict of interest due to David Waddell’s ownership interest in IronHorse Holdings, LLC, the holdings company of IronHorse Capital Management, LLC. If the Conductor Global Equity Value ETF is deemed a suitable investment for such W&A clients, the clients will incur separate fees for the assets they invest in CGV, but they will not be billed additional management fees by W&A on such assets. In contrast, a limited number of W&A clients who had previously invested in CGV will be billed additional management fees by W&A on their initial and subsequent investments in CGV.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

W&A does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

W&A provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and other U.S. corporations.

W&A imposes a \$500,000 minimum for relationships under management, except for clients on the W&Ai platform whose minimum is \$5,000. This minimum may be reduced by W&A if an account is deemed to be part of a larger group of accounts under W&A management and these accounts have satisfied the \$500,000 minimum, if the client was introduced to W&A when our account minimum was lower, or other approved circumstances. Exception to these minimums may be granted by one of W&A’s partners.

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

In the implementation of investment plans, W&A primarily uses mutual funds and ETF's and as appropriate, portfolios of fixed income securities, separately managed accounts, and structured notes. Clients may hold or retain other types of assets as well, and W&A may offer advice regarding those various assets as part of its services.

W&A's investment philosophy is not constrained by capitalization size or domicile. Based on a variety of research methods, W&A develops a global, macro-economic view of the investing landscape. W&A then conducts extensive searches for relevant fund managers or securities to coincide with our macroeconomic views. Some managers use an active approach by combining fundamental, technical, bottom-up and top-down analysis to make their buy and sell decisions. Other managers use a more passive approach by adhering to a target benchmark or applying a rules-based strategy based on research that seeks to earn a long-term risk premium.

When analyzing managers, W&A focuses on a variety of factors, including but not limited to the following: manager tenure, performance track record, peer group representation, investing philosophy, portfolio composition, beta, r-squared, upside/downside capture, current conditions, future outlook, etc.

### **Risk of Loss**

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of W&A's recommendations and/or investment decisions depends to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that W&A will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The NAV per share is computed once per day based on the closing market prices of the securities in the fund's portfolio. Every buy and sell order for mutual funds are processed at the NAV on the respective trade date.

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual funds. Because it trades like a stock, an ETF does not have its net asset value (NAV) calculated once at the end of every day like a mutual fund does.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Risks Associated with Structured Notes*

**Complexity.** Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation includes leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes usually have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

**Market risk.** Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. ***For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal.*** Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

**Issuance price and note value.** The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes cannot be re-sold on a daily basis and thus will be difficult to value given their complexity.

**Liquidity.** The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

**Credit risk.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors could lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that would be due on the structured notes.

Call risk. Some structured notes have “call provisions” that allow the issuer, at its sole discretion, to redeem the note before it matures at a price that can be above, below or equal to the face value of the structured note. If the issuer “calls” the structured note, clients may not be able to reinvest their money at the same rate of return provided by the structured note that the issuer redeemed.

Tax considerations. The tax treatment of structured notes is complicated and in some cases uncertain. Before purchasing any structured note, clients should consult with a tax advisor. Clients also should read the applicable tax risk disclosures in the prospectuses and other offering documents of any structured note they are considering purchasing.

#### *Interval Funds Risk*

Interval Funds Risk: Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired, and the fund can suspend or postpone repurchases. Additionally, in limited circumstances, an interval fund may have a limited amount of capacity and may not be able to fulfill all purchase orders. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. The closed-end interval funds utilized by Buckingham impose liquidity gates for each repurchase offer and in the event the offer is oversubscribed, the requested redemption amount may be reduced. As interval funds may expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund’s shares. Clients should carefully review the fund’s prospectus and most recent shareholder report to more fully understand the interval fund structure and be knowledgeable to the unique risks associated with interval funds, including the illiquidity risks.

#### *Use of Independent Managers*

As stated above, W&A can select certain Independent Managers to manage a portion of its clients’ assets. In these situations, W&A continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers’ ability to successfully implement their investment strategies. In addition, W&A generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

W&A may recommend that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds can trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Master Limited Partnerships (MLPs)*

Master Limited Partnerships (“MLPs”) are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and will be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

#### *Exchange-Traded Notes (ETNs)*

W&A may well recommend an investment in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

#### *Management through Similarly Managed “Model” Accounts*

W&A manages certain accounts through the use of similarly managed “model” portfolios, where by the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio could involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### *Cybersecurity*

The computer systems, networks and devices used by W&A and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the

inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### *COVID*

The transmission of COVID and efforts to contain its spread have previously resulted in travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have been lifted, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of W&A or the integrity of W&A's management. W&A has no information applicable to this Item.

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

W&A does not believe the Focus Partnership presents a conflict of interest with our clients. W&A has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS's cash management solutions. FTCS acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.



FTCS receives a portion of the revenue earned by the Network Institutions for providing services to our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the Network Institutions for credit solutions or reduced yield paid by the Network Institutions for cash management solutions. For clients of certain affiliates of Focus Financial Partners, LLC, FTCS has agreed to waive the earned revenue that it receives, which results in a lower interest rate on lending solutions or a higher yield on cash management solutions for those clients. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. FTCS in turn shares up to 25% of this earned revenue with us when we are licensed to receive such revenue or when no such license is required. Such fees are also revenue for our common parent company, Focus Financial Partners, LLC. Accordingly, we have a conflict of interest when recommending FTCS's services to clients because of the compensation to us and our affiliates, FTCS and Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS's services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### **Credit Solutions from FTCS**

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. As noted above, FTCS's earned revenue is indirectly paid by you through an increased interest rate charged by the lender. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before

borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

### **Cash Management Solutions from FTCS**

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. The fees debited by the Network Institutions include FTCS's earned revenue. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC ("Focus"). FRS acts as an intermediary to facilitate our clients' access to insurance products. FRS has agreements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity.

If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. This revenue is also revenue for our and FRS's common parent company, Focus. Accordingly, we have a conflict of interest when recommending FRS's services to clients because of the compensation to certain of our financial professionals and to our affiliates, FRS and Focus. We address this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS's services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate, and may be higher than if the policy was purchased directly through the Broker without the assistance of FRS. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

W&A has a business relationship with other Focus firms that is material to our advisory business or to our clients. Under certain circumstances we offer our clients the opportunity to invest in pooled investment vehicles managed by SCS. SCS provides these services to such clients pursuant to limited liability company agreement or limited partnership agreement documents and in exchange for a fund-level management fee and performance fee paid by our clients and not by us. SCS, like W&A, is an indirect wholly owned subsidiary of Focus LLC and is therefore under common control with W&A. The allocation of our clients' assets to SCS's pooled investment vehicles, rather than to an unaffiliated investment manager, increases SCS's, and indirectly, Focus LLC's, compensation and revenue. As a consequence, Focus LLC has a financial incentive to cause W&A to recommend that our clients invest in SCS's pooled investment vehicles, which creates a conflict of interest with W&A clients who invest, or are eligible to invest, in SCS's pooled investment vehicles. More information about Focus LLC can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

We believe this conflict is mitigated because of the following factors: (1) this arrangement is based on our reasonable belief that investing a portion of W&A's clients' assets in SCS's investment vehicles is in the best interests of the clients; (2) SCS and its investment vehicles have met the due diligence and performance standards that we apply to outside, unaffiliated investment managers; (3) clients will invest in the pooled investment vehicles on a nondiscretionary basis through the completion of subscription documentation; (4) subject to redemption restrictions, we are willing and able to reallocate W&A client assets to other unaffiliated or affiliated investment vehicles, in part or in whole, if SCS's services become unsatisfactory in our judgment and at our sole discretion; and (5) we have fully and fairly disclosed the material facts regarding this relationship to you, including in this Brochure, and W&A clients who invest in SCS's pooled investment vehicles have given their informed consent to those investments.

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

W&A has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at W&A must acknowledge the terms of the Code of Ethics annually, or as amended.

W&A invests its clients' assets primarily in no load or load-waived mutual funds and ETF's consistent with investment objectives. W&A's employee pension and profit sharing plans are invested using the same strategies employed for our wealth management clients. W&A strongly feels that this participation is validation of its commitment to its clients' best interests as investment decisions made by W&A affects both client and employee. While there is always the possibility of a conflict of interest in these circumstances, W&A feels that the use of diversified mutual funds and ETF's mitigates the conflict greatly. Additionally, W&A employees may also have personal accounts where they effect trades for their own benefit. W&A's employees and persons associated with W&A are required to follow W&A's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of W&A and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for W&A's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of W&A will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination

that these would materially not interfere with the best interest of W&A's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between W&A and its clients. In the event of a material conflict of interest, employees and principals must refrain from purchasing or selling securities that are being actively traded for clients.

W&A's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting W&A at 901-767-9187 or 1-800-527-7263.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with W&A's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. W&A will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order.

It is W&A's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. W&A will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

[W & A recommends that certain of our clients invest in a private investment fund managed by an affiliated Focus partner firm. Please refer to Items 4, 5 and 10 for additional information.](#)

## **Item 12 – Brokerage Practices**

Subject to the parameters of the investment strategy employed by W&A and agreed to by its clients, there are no limitations on W&A's authority to choose the securities (and amount) bought and sold.

W&A recommends that its clients establish brokerage accounts at Charles Schwab & Co., Inc. ("Schwab") or Fidelity Institutional Wealth Services (FIWS) program sponsored by Fidelity Brokerage Services, LLC ("Fidelity"). Schwab and Fidelity are FINRA member broker dealers.

The Schwab and Fidelity brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. W&A regularly reviews these programs to ensure that its recommendation is consistent with its fiduciary duty. These trading platforms are essential to W&A's service arrangements and capabilities, and W&A may not accept clients who direct the use of other brokers. As part of these programs, W&A receives benefits that it would not receive if it did not offer investment advice (See below and the disclosure under Item 14 of this Brochure).

W&A does not transact in traditional soft dollar relationships (e.g., paying up for commissions for research and brokerage), however Schwab offers certain products and services to W&A for which it reduces or eliminates fees. These include reduced UPS charges to Schwab's service center, waived wire transfer fees, and the waiver of Schwab level short-term redemption fees for certain mutual funds. Schwab may discount or waive fees it would otherwise charge for certain services, including attendance at conferences and travel arrangements, due to W&A's participation in these institutional programs. W&A believes that these discounts benefit all of its clients directly by providing reduced transaction costs and indirectly by offering discounts on products and services that enable W&A to more efficiently manage client accounts. Fidelity waives custodian short term trading fees on no transaction fee funds (NTF) for W&A clients. Fidelity also waives all fees for electronic wires.

In certain circumstances, fixed income transactions may be effected for clients through unaffiliated dual registered broker-dealers, such as Duncan Williams, Inc. or Carty and Co. The decision to step-out fixed income trades to a different broker-dealer, taking into consideration best execution, is based on the availability of inventory for municipal and government agency fixed income positions provided by the broker-dealer. W&A attempts to receive multiple bids or offers from other broker-dealers prior to executing step-out trades to ensure that the client is receiving the best possible execution.

For certain trades, W&A will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Trades are blocked together, and clients receive the average prices of all trades. Block trading allows W&A to execute equity or fixed income trades in a timely, equitable manner and to reduce overall commission charges to clients.

## **Item 13 – Review of Accounts**

### **Investment Management/Financial Planning Services:**

An investment advisor representative is assigned to each account and that investment advisor representative will review each account periodically. The review process contains each of the following elements:

- A. assessing client goals and objectives;
- B. evaluating the employed strategy(ies);
- C. monitoring the portfolio(s); and
- D. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- A. a specific client request;
- B. a change in client goals and objectives;
- C. an imbalance in a portfolio asset allocation; and
- D. market/economic conditions.

### **Employee Benefit Retirement Plan Services:**

Employee benefit retirement plan investment selections are monitored on a periodic basis and according to the standards and situations described above for investment management accounts.

### **Financial Planning Services (Stand Alone Plans):**

Stand-alone financial plans are reviewed at the inception of the advisory relationship and receive no further on-going reviews.

### **Reports:**

Clients receive either monthly or quarterly reports that summarize the client's account and asset allocation from their account custodian, Charles Schwab Inc. or Fidelity. In addition, clients may also receive reports periodically from W&A. W&A does not provide clients with monthly or quarterly portfolio reports, but will provide reports upon a client's request.

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

### **Client Referrals**

W&A may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. W&A will ensure all appropriate disclosure shall be made, all written instruments will be maintained by W&A and all applicable Federal and/or State laws will be observed. Clients should understand that third-party promoters have an economic incentive to recommend the advisory services of W&A.

W&A has entered into various referral arrangements, either with various CPA firms or other businesses, pursuant to which it pays a referral fee in the range of 20-50% of the advisory fee paid by the referred client. Certain legacy referral arrangement payments are ongoing until such time as referred client is no longer a client of W&A, while more recent referral relationships will pay trailing fees to the promoter for only up to three years of the client referral. This relationship is fully disclosed to the client and does not result in the client paying any fees in excess of W&A's fee schedule indicated in Item 5. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter. Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

### **Other Compensation**

As indicated under Item 12, W&A participates in the Schwab Institutional services and Fidelity Institutional Wealth Services (FIWS) programs offered to independent investment advisers by Charles Schwab & Company, Inc. and Fidelity Brokerage Services, respectively. Schwab and FIWS provide a trading platform that is essential to W&A's service arrangements and capabilities; however, W&A regularly reviews these programs to ensure that its recommendation is consistent with its fiduciary duty. As part of this program, W&A receives benefits that it would

not receive if it did not offer investment advice, which include, but are not limited to, federal wire fee waivers, discounted overnight delivery and Schwab level short term redemption fee waivers.

While as a fiduciary, W&A endeavors to act in its clients' best interests, W&A's requirement that clients maintain their assets in accounts at Schwab or FIWS may be based in part on the benefit to W&A of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest. The benefits received through participation in the SAS and FIWS programs do not depend upon the amount of transactions directed to, or amount of assets custodied by, the respective broker custodians.

In the past, W&A entered into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated FINRA broker-dealer, to participate in Schwab Advisor Network ("the Service"), an advisor referral service designed to help investors find an independent advisor. Schwab does not supervise W&A and has no responsibility for W&A's management of client's portfolios or any other advice or service offered by W&A.

Though currently no longer a member of the Service, W&A pays Schwab fees for all previously referred clients' accounts that are maintained in custody at Schwab. This Participation Fee is a percentage of the fees the client owes to W&A, subject to a minimum Participation Fee. W&A pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab and the account is assessed an investment management fee by W&A. The Participation Fee is billed to W&A quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by W&A and not by the client. This relationship is fully disclosed to the client, and W&A has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs W&A charges clients with similar portfolios who were not referred through the Service.

In addition, should W&A recommend that managed assets of referred clients be transferred from and held outside of Schwab, W&A will also pay Schwab a one-time asset-based Non-Schwab Custody Fee. This fee does not apply if the client is solely responsible for the decision not to maintain custody at Schwab.

W&A's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include W&A, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including W&A. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including W&A. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause W&A to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including W&A. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023:

Orion Advisor Technology, LLC

TriState Capital Bank

StoneCastle Network, LLC

Charles Schwab & Co., Inc.

BlackRock, Inc.

Fidelity Brokerage Services LLC

Fidelity Institutional Asset Management LLC

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link:

<https://focusfinancialpartners.com/conference-sponsors/>

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. W&A urges clients to carefully review such statements and compare such official custodial records to the account statements that W&A may provide to you. W&A's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

W&A usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, W&A observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to W&A in writing.

### **Item 17 – Voting Client Securities**

W&A has adopted proxy voting policies and procedures designed to vote proxies efficiently and in the best interest of its client. W&A seeks to identify any material conflicts of interest and to ensure that any such conflicts do not interfere with voting in clients' best interests. W&A has retained a third-party service provider to assist with the voting and record-keeping of client's proxy ballots. Clients may obtain a copy of W&A's proxy voting policies and information about how W&A voted a client's proxies by contacting W&A.



For accounts W&A considers unmanaged, W&A will generally not vote proxies on behalf of clients except if requested specifically by the client. These clients retain the responsibility to vote all ballots for these unmanaged accounts.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about W&A’s financial condition. W&A has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.