



## Watershed Private Wealth LLC

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**October 28, 2024**

### Form ADV Part 2A Brochure

Watershed Private Wealth, LLC is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Watershed Private Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (630) 645-3848 and/or [info@watershedprivatewealth.com](mailto:info@watershedprivatewealth.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 Watershed Private Wealth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes - Item 2

**Revised: October 28, 2024**

The purpose of this page is to inform you of any material changes since last annual updating amendment of Watershed Private Wealth LLC on March 16, 2023, are described below. We have made the following material changes to our Form ADV Part 2 Brochure:

- We amended Item 4 to disclose the use of GeoWealth Management, LLC and removed Buckingham Strategic Partners LLC.
- We amended Item 5 to provide additional information about our fees and billing practices.
- We amended Item 8 to provided information regarding risks associated with the use of structured notes, fixed income securities, cryptocurrency ETFs and third-party investment advisers.
- We amended Item 10 to disclose the use of the use of GeoWealth Management, LLC, third party advisers (BlackRock) and referrals to a tax preparer.
- We amended Item 12 to remove TD Ameritrade as a custodian due to its acquisition/merger with Charles Schwab & Co., Inc.
- We amended Item 14 to disclose the receipt of vendor benefits and associated conflicts of interest.
- We amended Item 15 to disclose custody as a result of third-party standing letters of authorization.

We review and update our brochure at least annually to make sure that it remains current. If you would like to receive a copy of our new Brochure, please contact us at (630) 645-3848 and/or [info@watershedprivatewealth.com](mailto:info@watershedprivatewealth.com).

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#### Advisory Business - Item 4

##### A. Description of Advisory Firm

Watershed Private Wealth LLC (hereinafter "WPWL") is a Limited Liability Company organized in the State of Illinois. The firm was formed in August 2021, and the principal owner is Brendan Moody.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly licensed or registered as investment adviser representatives.

##### B. Description of the types of advisory services offered.

###### **Portfolio Management Services**

WPWL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Once such information is gathered, the firm constructs a portfolio allocation that is designed to match the client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

WPWL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. WPWL will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Currently, WPWL offers its Portfolio Management Services in conjunction with GeoWealth Management, LLC, ("GWM"). GWM assists our firm with back-office support, trading, report preparation, and billing. We use model portfolios developed by the sub adviser and/or other registered investment advisers. These other investment advisers are responsible for the research and security selection, WPWL is responsible for the supervision of the account and the sub adviser is responsible for day-to-day trading, billing calculation and other back-office operations. All clients will be provided with a current copy of the sub adviser's Form ADV Part 2 Brochure at the inception of service. This document provides important disclosures about the sub adviser's services, portfolio models, fees, conflicts of interest, disciplinary history (if any), and other important information that would help clients understand the scope of sub advisory services provided by the sub adviser.

WPWL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of WPWL's economic, investment or other financial interests. To meet its fiduciary obligations, WPWL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, WPWL's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is WPWL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

###### **Financial Planning**

WPWL provides financial consulting on a range of matters for clients. These services include analysis and recommendations relating to cash flow, projected income taxes, estate objectives, education funding, investment

portfolio evaluation, long term health care planning, retirement planning, tax planning, and insurance provisions and needs. Once Watershed completes this analysis, a representative from the firm meets with the client and finalizes a financial plan where different financial and/or estate planning and investment strategies are discussed. The client is provided with a summary in regard to the firm's analysis and recommendations. When a specific strategy is decided upon, the implementation of that strategy begins and is reviewed, monitored, and updated by meetings, telephone calls and correspondence. Not all clients engage Watershed for every service described.

**Services Limited to Specific Types of Investments**

WPWL provides advice on various types of securities, such as exchange listed equities, over the counter equities, foreign issues, American depository receipts, investment company securities (including mutual funds variable products, and exchange traded funds), options contracts on securities, and interests in partnership investing in real estate, or other private equity investments. Additionally, we may provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice.

Advisory recommendations are based on financial information that you disclose to us at the time the services are provided. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future returns. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

C. Client Tailored Services and Client Imposed Restrictions

WPWL will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by WPWL on behalf of the client. WPWL may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent WPWL from properly servicing the client account, or if the restrictions would require WPWL to deviate from its standard suite of services, WPWL reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. WPWL does not participate in wrap fee programs.

E. Assets Under Management

As of December 2023, WPWL has the following assets under management:

<b>Discretionary Amounts</b>	<b>Non-discretionary Amounts</b>
\$263,375,888.00	\$0.00

**Fees and Compensation - Item 5**

A. Fee Schedule

**Portfolio Management Services Fees**

For portfolio management services, WPWL charges an annual fee based on a percentage of assets under management. Fees are based on the following fee schedule:

Total Assets Under Management	Annual Fees
\$0 - \$1,000,000	1.20%
\$1,000,000 - \$2,000,000	1.00%
\$2,000,000 - \$5,000,000	0.85%
\$5,000,000 - \$10,000,000	0.75%
Over \$10,000,000	0.50%

WPWL's portfolio management fees are payable quarterly, in advance, and are based on the value of the assets in the portfolio on the last business day of the prior billing period. Our firm uses a breakpoint fee schedule. This means that the entire portfolio is charged the same asset management fee. For example, a client with \$3,000,000 in assets under management on the last business day of the first quarter would pay a fee of \$6,375 on the first business day of the second quarter ( $(\$3,000,000 \times 0.85\%) / 4 = \$6,375$ ). The management fee for the initial quarter shall be calculated on a pro rata basis commencing on the day the assets are initially designated to us for management.

The fee listed above includes the compensation received by GWM, our current sub adviser. GWM gives us access to a model provider marketplace where client assets can be placed in investment models created by a number of outside managers. In some cases, these models are provided for no additional fees. However, some models are subject to a separate fee charged by the model manager. These additional fees will range from 0.15% to 0.50% and will only apply to the portion of the portfolio invested in the model. All such fees will be clearly disclosed to the client at the time of allocation.

Most clients engage us for ongoing portfolio management combined with financial planning services. When this occurs, the costs of our financial planning advice are typically included within the asset-based fees we charge for our rendering of portfolio management services to you.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of WPWL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice. Upon termination, for any unearned asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

#### **Financial Planning Fees**

Financial planning fees range from \$1,000 to \$10,000. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Financial Planning fees are waived for portfolio management clients. Fees are paid in advance. We do not require you to pay fees six or more months in advance and in excess of \$1,200.

Clients may terminate the agreement without penalty, for full refund of WPWL's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon written notice.

#### **B. Payment of Fees**

##### **Payment of Portfolio Management Fees**

The portfolio management fee is deducted from the client's account held at the custodian. The client authorizes us or GWM to debit the fee from the client's account. If insufficient cash is available to pay such fees, securities

in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. We may deduct the fee from a single, client-designated account to facilitate billing. We encourage you to carefully review the statements you receive from the qualified custodian. If you have questions about your statements, or if you did not receive a statement from the qualified custodian, please call our office number located on the cover page of this brochure. In limited cases, we may invoice the client directly for the payment of fees.

**Payment of Financial Planning Fees**

Fixed Financial Planning fees are paid via check or wire.

C. Client Responsibility for Third Party Fees

All fees paid to WPWL for investment advisory services are separate and distinct from the fees and expenses charged by investment companies like mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include management fees, other fund expenses, early redemption fees, and possible distribution fees. A client could invest in an investment company directly, without the services of WPWL. In that case, the client would not receive the services provided by WPWL, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by WPWL to understand fully the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

Mutual funds generally offer multiple share classes based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B, and class C shares), mutual funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

For clients investing in mutual funds, the firm requires that the Associated Person purchase the share class most beneficial to the client, generally the institutional or advisory share class. In some cases, these share classes are not made available by the sponsor fund. Here, the firm will direct the Associated Person to seek a comparable, similar mutual fund that provides an advisory share class, and offer the fund and share class to the client. If no comparable fund with an advisory share class is available, the client may pay higher fees that include 12b-1 fees.

Further information regarding fees and charges assessed by a mutual fund is available in each mutual fund's prospectus. Although the firm uses its best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes or funds that do not pay 12b-1 distribution fees.

Billing on Cash Positions: The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Periods of Portfolio Inactivity: The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary

nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

D. Prepayment of Fees

WPWL collects fees in advance. Upon termination of a client relationship, any prepaid, unearned fees will be promptly refunded to the client.

E. Outside Compensation For the Sale of Securities to Clients

Neither WPWL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

WPWL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**Types of Clients - Item 7**

WPWL generally offers investment advisory services to individuals, pension and profit-sharing plans and their participants, trusts, estates, charitable organizations, corporations, and other business entities.

There is no account minimum for any of WPWL's services.

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

A. Methods of Analysis and Investment Strategies

**Methods of Analysis**

WPWL will use various external methods of analysis to determine an appropriate investment strategy. We seek to recommend investment strategies or products that will give you a diversified portfolio consistent with your investment objective. We do this by analyzing the various products, investment strategies, and external portfolio managers to which we provide access. That analysis includes a review of the structure, cost, and investment performance history of each manager. We also use research provided by third parties such as BlackRock in determining the type of investments that should be held in client portfolios.

Asset allocation models used by portfolio managers and/or other third-party investment managers are developed in accordance with investment programs developed by these entities. Clients should refer to the relevant portfolio managers and/or other third-party investment manager's Form ADV Part 2 Brochures or comparable disclosure documents for more information about the methods of analysis and investment strategies used by those firms.



Methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis:

- *Charting analysis* involves the use of patterns in performance charts. WPWL uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.
- *Cyclical analysis* involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.
- *Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- *Modern portfolio theory* is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.
- *Quantitative analysis* deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.
- *Technical analysis* involves the analysis of past market data; primarily price and volume.

#### B. Material Risks Involved

- *Charting analysis* strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.
- *Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- *Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- *Modern portfolio theory* assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.
- *Quantitative analysis* Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each

factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

- *Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

#### **Investment Strategies**

We may use one or more of the following investment strategies when advising you on investments:

- *Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- *Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of time.
- *Trading* – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Other factors, such as changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies, may affect investments as well. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.
- *Margin Transactions* – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period that the loan is outstanding. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you. If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action,

such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin Account that may be established as a part of our advisory services and held by your broker-dealer. These risks include the following:

1. You can lose more funds than you deposit in your margin account.
2. The broker-dealer can force the sale of securities or other assets in your account.
3. The broker-dealer can sell your securities or other assets without contacting you.
4. You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
5. The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
6. You may not be entitled to an extension of time on a margin call.

### C. Risks of Specific Securities Utilized

**Investing in securities involves the risk of loss that clients should be prepared to bear.** Clients should fully understand the nature of the contractual relationship(s) into which they are entering and the extent of their exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources, and other relevant circumstances.

WPWL's use of margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation

and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

Some ETF may be invested in commodities. Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Structured Notes:** Below are some specific risks related to the structured notes recommended by our firm:

- **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 may include leverage multiplied by the performance of the reference asset or index, protection from losses should the

reference asset or index produce negative returns, and/or fees. Structured notes may 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 our firm.

- *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, and/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 generally 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, and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may 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 securities 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 may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

**Fixed Income Security Risk:** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Municipal Securities Risk:** The value of municipal obligations can fluctuate over time. Value may be affected by adverse political, legislative and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues; revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

**Cryptocurrency Risk:** Certain ETFs recommended to clients may be invested in Cryptocurrency. Cryptocurrency (e.g., bitcoin and ether), often referred to as "virtual currency", "digital currency," or "digital assets," is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm's clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm's clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client's investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm's clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and "flow-through" to the underlying investors.

**Recommendation of Other Advisers:** In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will primarily rely on investment model portfolios and strategies developed by the third-party investment adviser and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third-party investment adviser

is that while a particular third-party investment adviser may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third-party model portfolios, there is also a risk that a third-party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third-party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### Disciplinary Information - Item 9

##### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

##### B. Administrative Proceedings

There are no administrative proceedings to report.

##### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

#### Other Financial Industry Activities or Affiliations - Item 10

##### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither WPWL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

##### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither WPWL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

##### C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither WPWL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

##### D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

We recommend the services of GWM to assist our firm with back-office support, trading, report preparation, and billing. We use model portfolios developed by the GWM and/or other registered investment advisers like BlackRock Fund Advisors, BlackRock Investment Management, LLC, and BlackRock Investments, LLC, which is the distributor of the BlackRock and iShares funds within the BlackRock model portfolios. We do not receive compensation from these entities.

We recommend the services of third-party accountants to provide tax preparation services to our clients. We compensate these service providers directly for their services.

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

#### **A. Code of Ethics**

WPWL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. WPWL's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

WPWL does not recommend that clients buy or sell any security in which a related person to WPWL or WPWL has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients.**

From time to time, representatives of WPWL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of WPWL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. WPWL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of WPWL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of WPWL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, WPWL will never engage in trading that operates to the client's disadvantage if representatives of WPWL buy or sell securities at or around the same time as clients.

### **Brokerage Practices - Item 12**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**



Custodians/broker-dealers will be recommended based on WPWL's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and WPWL may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in WPWL's research efforts. WPWL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

WPWL will require clients to use Fidelity Brokerage Services LLC ("Fidelity"), and Charles Schwab & Co., Inc. Advisor Services ("Schwab"). WPWL accesses Fidelity and Schwab through its sub advisory relationship with GWM.

#### **Research and Other Soft Dollar Benefits**

While WPWL has no formal soft dollar program in which soft dollars are used to pay for third party services, WPWL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). WPWL may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and WPWL does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. WPWL benefits by not having to produce or pay for the research, products or services, and WPWL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that WPWL's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

WPWL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **Directed Brokerage**

WPWL will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

#### **Trade Aggregation**

If WPWL buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, WPWL would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. WPWL would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any). At this time GWM places all trades for our firm's clients and follows the methodology listed above.

### Review of Accounts - Item 13

#### A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

WPWL monitors client account holdings on a continuous basis and conducts a formal review of investment allocations at least annually. Accounts are reviewed by the Associated Person assigned to the account.

A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on a periodic basis to update their financial plan. Financial planning clients who have engaged us for ongoing portfolio management will receive a review of their plan as part of their annual review.

#### B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### C. Content and Frequency of Regular Reports Provided to Clients

Each portfolio management client will receive a monthly statement detailing the client's account, including assets held, asset value, and calculation of fees. This written statement will come from the custodian. GWM will also provide a written report on at least a quarterly basis.

### Client Referrals and Other Compensation - Item 14

#### A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Occasionally, our firm and our Associated Persons will receive additional compensation from vendors and product sponsors. Compensation could include such items as gifts; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an Associated Person, reimbursement for consulting services, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Receipt of additional economic benefits presents a conflict of interest because our firm and Associated Persons have an incentive to recommend and use vendors based on the additional economic benefits obtained rather than solely on the client's needs. We address this conflict of interest by recommending vendors that we, in good faith, believe are appropriate for the client's particular needs. Clients are under no obligation contractually or otherwise, to use any of the vendors recommended by us.

#### B. Compensation to Non – Advisory Personnel for Client Referrals

WPWL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### Custody - Item 15

WPWL does not have physical custody of any client funds and/or securities. The sub-adviser calculates and deducts advisory fees directly from the client's custodial account(s) pursuant to an authorization provided by you

directly to the sub-adviser. The sub-adviser then remits our portion of the fees to us. In such cases, we do not get involved in the fee calculation or deduction process.

With respect to third-party standing letters of authorization (“SLOA”) where a client grants us authority to direct custodians to disburse funds to one or more third-party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the “Custody Rule”). In such cases, we will take steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the “SEC no-action letter”). Provided we meet all of the conditions stipulated in the SEC no-action letter, we are not required to comply with the surprise examination requirements of the Custody Rule. Where our firm acts pursuant to a third-party SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian’s operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

#### **Investment Discretion - Item 16**

WPWL provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, WPWL generally manages the client’s account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, WPWL’s discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to WPWL).

#### **Voting Client Securities - Item 17**

WPWL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

#### **Financial Information - Item 18**

##### **A. Balance Sheet**

WPWL neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

##### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither WPWL nor its management has any financial condition that is likely to reasonably impair WPWL’s ability to meet contractual commitments to clients.

##### **C. Bankruptcy Petitions in Previous Ten Years**

WPWL has not been the subject of a bankruptcy petition in the last ten years.

Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC registered**