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### **CWM Wrap Program Brochure Appendix 1**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Comprehensive Wealth Management. If you have any questions about the contents of this brochure, please contact us at 425-778-6160 or e-mail us at [Info@ComprehensiveWealth.com](mailto:Info@ComprehensiveWealth.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 Comprehensive Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Comprehensive Wealth Management is a registered investment advisor. Registration as an investment advisor does not require any certain level of skill or training.

### **Material Changes (Item 2)**

*This section of the brochure helps you quickly identify material changes from the last annual update.*

This version of Comprehensive Wealth Management's Form ADV Part 2 Wrap Program Brochure Disclosure Appendix 1 is in a new narrative format. Please review all parts of it because it describes important details about us and the services we provide. This new version contains information not contained in previous versions of our wrap program disclosure.

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## Services, Fees, and Compensation (Item 4)

*This section of the brochure tells you about our business, including ownership and a description of the services we offer.*

### Ownership

Arford & Associates Comprehensive Wealth Mgmt, Inc. is referred to in this document as “Comprehensive Wealth Management”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of Comprehensive Wealth Management as “you”, “client”, or “your”. Comprehensive Wealth Management was created in 2001 and is owned by several holding companies, and controlled by Gary M. Arford, Morgan Arford, and Brian and Shilo Lockett.

### Types of Advisory Services

#### CWM Program

All of our clients receive our investment advice through the CWM Program (“CWM Program”). Comprehensive Wealth Management is the only money manager in the CWM Program, provides discretionary investment advisory services, and is responsible for all investment decisions in your account. You authorize Comprehensive Wealth Management to manage your assets on a discretionary basis by purchasing and/or selling individual stocks, bonds, money market instruments, money market funds, or other instruments as and when we see fit without your approval of each transaction. In managing your account, we will employ various investment strategies as described in the Investment Strategies section of this document and any other material we may give to you. You grant us discretionary authority in the Investment Advisory Agreement that you enter into with us and it will remain in full force and effect, even if you become incompetent or disabled, unless revoked or terminated by you. We will collect information about your investment objectives. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance. You are encouraged to contact Comprehensive Wealth Management directly at its home office shown on the first page of this document. These investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

#### Advice on Matters Not Involving Securities

Comprehensive Wealth Management may from time-to-time provide advice on topics not involving securities. This advice may relate to real estate. The fees for this advice may be included as part of an assets under management billing agreement, hourly charges, or a fixed fee agreement described in the written agreement between us. Non-securities related advice is only provided to you upon specific written request and agreement between us. Not all clients receive this type of advice.

### Financial Planning

Some clients are provided a written plan that may include a personal balance sheet and certain projections. Any reports, financial statement projections and analyses are intended exclusively for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Comprehensive Wealth Management will not audit, review or compile financial statements and, accordingly we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be material differences between projected and actual results because events vary and circumstances frequently do not occur as expected.

Our analyses will be highly dependent on certain economic assumptions about the future. Therefore, you should establish familiarity with historical data regarding key assumptions such as inflation and investment rates of return, as well as an understanding of how significantly these assumptions affect the results of our analyses. We may counsel you as to the consistency of your assumptions with relevant historical data, but we will not express any assurance as to the accuracy or reasonableness of your specific data and assumptions. You are ultimately responsible for the assumptions and personal data upon which our procedures and projections are based. The financial plan assumptions and reports are primarily a tool to alert you to certain possibilities. The reports are not intended to nor do they provide any guarantee about future events including your investment returns. The implementation of the plan is solely your responsibility.

The financial plans provided for some of our clients do not address all potential aspects of financial planning. Typically our plans address retirement planning, college funding, estate planning, and risk management issues such as life, disability, and long-term care insurance are typically addressed in every financial plan.

### Real Estate Equity Management Program

Comprehensive Wealth Management may from time-to-time recommend that investment advisory clients borrow money secured by their home or other real estate. You are hereby notified of and you acknowledge the inherent risks, increased costs and expenses posed by this practice, and the potential conflicts of interest Comprehensive Wealth Management has in giving this advice.

### **Risks**

Borrowing money to invest in securities is considered to be a speculative act and in the event that you cannot repay the borrowed funds, you could lose your home through a foreclosure action.

### **Costs**

You should weigh the potential gains against the costs and expenses involved in borrowing money which include loan fees, closing costs, title and/or mortgage insurance, and interest that you will be required to pay to the lender of the funds. It is possible that these costs and expenses will be greater than any appreciation in your investment portfolio.

***Potential Conflict of Interest***

Comprehensive Wealth Management has a financial incentive to recommend that clients borrow money and place those funds under management with Comprehensive Wealth Management. This financial incentive creates a potential conflict of interest between you and Comprehensive Wealth Management. The potential conflict of interest creates a situation where Comprehensive Wealth Management has the financial incentive to place its interest ahead of yours.

**Types of Investments Used**

We consider many different types of securities when formulating the investment advice we give to you. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, your account(s) managed by us may contain individual stocks, corporate and/or government bonds, mutual funds, or exchange traded funds (“ETFs”). In some situations we may recommend that real estate be part of your investment portfolio.

**Tailored Services and Investment Restrictions**

We attempt to tailor your investment portfolio to your situation as you have described it to us. This is why it is so important that you let us know about changes to your financial situation, goals, or investment time horizon. You may impose restrictions on investing in certain securities or types of securities. You must clearly identify these restrictions in writing to us.

***Potential Effect of the Company Paying Transaction Costs***

In the CWM Program, we pay for the cost of securities transactions and have the full discretionary power to decide if and when a securities transaction is made. Because of this, we have the financial incentive not to make securities transactions. Paying for securities transactions in your investment portfolio creates a potential conflict of interest where we have the financial incentive not to make securities transactions in your account when it is in your best interests to do so. The wrap program may cost you more or less than purchasing such services separately.

**Assets Under Management**

As of December 31, 2010, Comprehensive Wealth Management manages \$273,987,421 of client assets, all on a discretionary basis.

**Fees****CWM Wrap Program Fee**

Comprehensive Wealth Management charges an asset-based fee for services provided under the CWM Program. The maximum fee charged for the program is set forth in the table below. The fees are negotiable based on a number of factors that may result in a particular client paying a fee greater or less than the standard fees. The exact fee you will

pay is specified in your Comprehensive Wealth Management Investment Advisory Agreement.

<b>Dollar Value of Assets in Program</b>	<b>Annual Fee</b>
First \$500,000	2%
Amounts over \$500,000	1%

The program fee is expressed as an annual rate. To calculate your program fee, Comprehensive Wealth Management multiplies the account value on the last day of the previous calendar quarter by the daily pro rata portion of the annual rate in advance of services being performed. The program fee is billed to your account quarterly, which may result in your paying a higher fee on an annual basis than the annual rate, due to the effects of compounding. The program fee is blended, meaning that as the market value of your program account reaches a higher breakpoint, as set forth above, the assets within each breakpoint are charged a lower rate. Your quarterly fee is adjusted for cash flows into and out of your account during the quarterly billing period. For example if you withdraw funds from your account mid-billing period, your next bill will reflect a refund of the fee that was charged in advance on the funds you withdrew. Likewise, if you deposit money into your account mid-billing period, your next bill will reflect a charge for the new funds you deposited for the partial period those new funds were managed by us.

If you have more than one account in either or both programs, your accounts may be “household” for purposes of calculating the fee. A “household” is generally a group of accounts having the same address of record or same Social Security number. Individual Retirement Accounts (“IRAs”), Simplified Employee Pension IRAs (“SEP-IRAs”), SIMPLE IRAs, and other personal retirement accounts generally may be combined for householding purposes. However, charitable remainder trusts and other retirement plan accounts subject to ERISA may not be included. The accounts which may be householded are subject to negotiation (except for ERISA accounts) and our approval. We calculate your household fee by totaling the market value of your accounts under each fee schedule and charging your accounts according to the fee schedule. The fee is then allocated on a pro-rata basis to each account. Each of your account’s pro-rata amounts is calculated by computing the market value of each account as a percentage of the total market value of all accounts under that fee schedule.

If the market value of your account falls significantly below the specified minimum due to your withdrawal of assets from the account, we may require you to deposit additional money or securities to bring the account up to the required minimum, close the account, or change it to another type of account.

#### Services Covered by the Program Fee

The CWM Program fee covers Comprehensive Wealth Management’s asset management services, as well as the following services provided by Charles Schwab & Co., Inc. (“Schwab”):

- execution of transactions in equity securities

- custody of account assets

The program fee covers trade execution for transactions in equity securities executed through Schwab. It does not include:

- execution of transactions in fixed income securities by Schwab as principal
- execution of transactions in securities by other broker-dealers

#### Other Charges and Compensation

Trades in fixed income securities executed by Schwab as principal and trades executed with other dealers may involve transaction charges in addition to the program fee. When a broker-dealer executes a trade as principal, the dealer may realize the customary dealer profits or losses on the trade. Schwab also will charge a markup or markdown on transactions executed as principal in fixed income securities in the program. When a trade is executed by us with another broker-dealer, you will pay additional compensation to that broker-dealer, which may include markups, markdowns, commissions, and dealer profits. Any dealer profit, commission, markup, or markdown on principal trades will be separate from, and in addition to, and will not reduce or otherwise offset, the program fee for your account. The program fee does not cover certain costs or charges imposed by third parties, including, but not limited to:

- odd-lot differentials
- American Depositary Receipt fees
- exchange fees
- transfer taxes mandated by law

Schwab also may impose additional charges for special services elected by you or Comprehensive Wealth Management, including without limitation:

- periodic distribution fees
- electronic fund and wire transfer fees
- certificate delivery fees
- reorganization fees

#### Payment of Program Fees and Other Charges

Program fees are deducted from your account in the first month of the quarter for which the fees are to be earned. Other charges are deducted from your account when they are incurred. The program fee and other charges are payable from free credit balances, if any, in your account. If there are no free credit balances in your account, we may redeem money market fund shares in your account to cover the charges or notify you to deposit additional funds into your account. We reserve the right to liquidate a portion of the other assets in your account to cover the program fee or other charges at any time. Liquidation may affect the relative balance of your account and may also have tax consequences.

### Fixed Fees

You may enter into an Investment Advisory Agreement where a fixed fee for services is determined through negotiations and agreement between you and Comprehensive Wealth Management. Fixed fees are not necessarily based upon the value of assets managed or time expended providing services. Fixed fees are normally agreed to for one year, then renegotiated and agreed to for future periods. If you are paying a fixed fee you may pay a fee higher or lower than one based upon the value of assets managed. In the event a fixed fee engagement is terminated, unearned fees will be returned to you on a pro rata basis.

### Hourly Fees

We may perform services for you where the price of the service is based upon the amount of time to complete the service times an hourly rate. The rate per hour depends upon the level of complexity of the service and experience and expertise of the personnel used to do the work. This negotiable rate would normally not exceed \$200 per hour. The tasks and services to be performed are described in an engagement letter that is signed by you and Comprehensive Wealth Management that also includes the hourly rate, an estimate of time to complete the project, and the procedure for refund or partial billing if the engagement is terminated before completion.

### Investment Company Fees

Investment company funds that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you. Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Comprehensive Wealth Management to sell client's securities in a period that would generate a redemption fee, we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

### Commission Based Compensation

Investment advisor representatives ("IARs") of Comprehensive Wealth Management while acting as a Registered Representative of a broker-dealer may receive trailing 12b-1 distribution fees and other sales commissions from investment companies and product sponsors in connection with the placement of your funds in certain securities. In addition, the IARs and Comprehensive Wealth Management will receive a portion of the management and administration fees paid by you to third-party investment advisors. The amount of these fees and commissions vary between investment choices.

IARs of Comprehensive Wealth Management, while acting as insurance agents, may receive sales commissions from insurance companies in connection with sale of insurance products to you.

The receipt of the fees and commissions creates a financial incentive for the IARs to recommend one investment choice or insurance product over another. This incentive creates a potential conflict of interest between you and Comprehensive Wealth Management where the IAR has an incentive to recommend investment products based on the compensation received, rather than on your needs. You acknowledge that the IAR and Comprehensive Wealth Management will receive payment in addition to any investment advisory or financial planning fees paid by you. To address these potential conflicts, we review the costs and expenses associated with investments selected for, or recommended to, you to assure that the costs incurred are reasonable with respect to the services provided.

You have the option to purchase investment products that Comprehensive Wealth Management may recommend through other brokers or agents not affiliated with us.

In situations where an IAR will earn commissions on investments recommended in addition to investment advisory fees charged by Comprehensive Wealth Management, the advisory fee is not reduced to offset the securities sales commission or markup.

### Termination of Advisory Services

You may terminate the Advisory Agreement without fee or penalty by providing written notice to us at the address on the first page of this document within five (5) business days from the execution of the Agreement. After five (5) business days have passed, either you or we may terminate the Advisory Agreement by providing the other with written notice. Any fees collected in advance of services being performed will be returned to the client on a pro rata basis.

## **Account Requirements and Types of Clients (Item 5)**

*This section of the brochure describes specific requirements to open and maintain an account and the types of clients we generally provide investment advice.*

We generally require a minimum account size of \$250,000 to participate in the CWM Wrap Program of. We may waive this minimum account size at our discretion. We provide

advisory services to a variety of types of clients including individuals, trusts, and individual's pension plan accounts.

## **Portfolio Manager Selection and Evaluation (Item 6)**

*This section of the brochure explains how we select investments and allocate them to your account.*

### **Methods of Analysis, Investment Strategies**

All clients using the CWM Program will be put into tactically allocated models, which are invested using primarily momentum-based strategies. Comprehensive Wealth Management utilizes six portfolio models to invest client assets:

#### ***Fixed Income Allocation***

The objective of the Fixed Income Allocation model is to provide immediate income with very limited growth and risk. The model will normally invest 80-100% of its assets in fixed income based securities with the remainder in equity securities. All investments will be diversified over a variety of asset classes. Volatile markets may result in the majority, or all, of the portfolio being held in cash or fixed income positions.

#### ***Capital Preservation Allocation***

The objective of the Capital Preservation Allocation model is to maintain the current account value with limited growth and risk. The model will normally invest 45-60% of its assets in fixed income securities with the remainder in equity securities. All investments will be diversified over a variety of asset classes. Volatile markets may result in the majority, or all, of the portfolio being held in cash or fixed income positions.

#### ***Balanced Income Allocation***

The objective of the Balanced Income Allocation model is to obtain some capital appreciation while limiting the amount of risk exposure. The model will normally invest 30-40% of its assets in fixed income securities with the remainder in equity securities. All investments will be diversified over a variety of asset classes. Volatile markets may result in the majority, or all, of the portfolio being held in cash or fixed income securities.

#### ***Growth Allocation***

The objective of the Growth Allocation model is to obtain capital appreciation while carefully managing risk. The model will normally invest 15-20% of its assets in fixed income securities with the remainder in equity securities. All investments will be diversified over a variety of asset classes. Volatile markets may result in the majority, or all, of the portfolio being held in cash or fixed income securities.

#### ***Aggressive Growth Allocation***

The objective of the Aggressive Growth Allocation model is active pursuit of investments that will increase the value of the portfolio with little risk management. The model will normally invest 2% of its assets in fixed income securities and the remainder in equity securities. All investments will be diversified over a variety of asset classes. Volatile

markets may result in the majority, or all, of the portfolio being held in cash or fixed income securities.

### ***Small (MICRO) Accounts Allocation***

Due to trading costs, and the effect they have on smaller accounts, every account under \$20,000 will be put into one allocation that will cover many asset types and classes. The risk tolerance of the profile will vary with market conditions. Assets will primarily be invested in low cost, concentrated positions. Volatile markets may result in the majority, or all, of the portfolio being held in cash or fixed income securities.

## **Risk of Loss**

As with any investment, you could lose all or part of your investments managed by Comprehensive Wealth Management, and your account's performance could trail that of other investments.

### Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds may underperform in comparison to the general securities markets or other asset classes.

### Concentration Risk

To the extent that Comprehensive Wealth Management recommends portfolio allocations that are concentrated in a particular market, industry, or asset class, your portfolio may be susceptible to loss due to adverse occurrences affecting that market, industry, or asset class.

### Equity Securities Risk

Equity securities are subject to changes in value that may be attributable to market perception of a particular issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments.

### Growth Securities Risk

Growth companies are companies whose earnings growth potential appears to be greater than the market, in general, and whose revenue growth is expected to continue over an extended period. Stocks of growth companies or "growth securities" have market values that may be more volatile than those of other types of investments. Growth securities typically do not pay a dividend, which may help cushion stock prices in market downturns and reduce potential losses.

### Issuer Risk

Your account's performance depends on the performance of individual securities in which your account invests. Any issuer may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, or other factors. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of their securities to decline.

### Management Risk

The performance of your account is subject to the risk that our investment management strategy may not produce the intended results.

### Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security may decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected.

### Market Trading Risks

Your investment account faces numerous market trading risks, including the potential lack of an active market for investments held in your account and losses from trading in secondary markets.

### Passive Investment Risk

Comprehensive Wealth Management may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

### Larger Company Securities Risk

Securities of companies with larger market capitalizations may underperform securities of companies with smaller and mid-sized market capitalizations in certain economic environments. Larger, more established companies might be unable to react as quickly to new competitive challenges, such as changes in technology and consumer tastes. Some larger companies may be unable to grow at rates higher than the fastest growing smaller companies, especially during extended periods of economic expansion.

### Leverage Risk

Certain transactions may give rise to a form of leveraging, including borrowing. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward-commitment transactions. The use of derivatives may also create leverage. The use of leverage may cause a portfolio to liquidate portfolio positions when it may not be advantageous to do so. Leveraging may make a portfolio more volatile than if the portfolio had not been leveraged. This is because leverage tends to increase a portfolio's exposure to market risk, interest rate risk, or other risks by increasing assets available for investment.

### Liquidity Risk

A security may not be able to be sold at the time desired without adversely affecting the price.

### Regulatory Risk

Changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

### Smaller Company Securities Risk

Securities of companies with smaller market capitalizations, historically, tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

### Value Style Investment Risk

Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks may be purchased based upon the belief that a given security may be out of favor. Value investing seeks to identify stocks that have depressed valuations, based upon a number of factors which are thought to be temporary in nature, and to sell them at superior profits when their prices rise when the issues which caused the valuation of the stock to be depressed are resolved. While certain value stocks may increase in value more quickly during periods of anticipated economic upturn, they may also lose value more quickly in periods of anticipated economic downturn. Furthermore, there is a risk that the factors which caused the depressed valuations are longer term or even permanent in nature, and that there will not be any rise in value. Finally, there is the increased risk in such situations that such companies may not have sufficient resources to continue as ongoing businesses, which may result in the stock of such companies becoming worthless.

### Derivatives Risk

The use of derivatives such as futures, options, and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

## **No Performance Based Fees**

Comprehensive Wealth Management does not charge fees that are based upon a share of capital gains or capital appreciation of client assets.

## **Side-By-Side Management**

We provide investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We strive to act in the best interests of each of our clients at all times.

## **Voting Client Securities**

Comprehensive Wealth Management will not vote proxies for securities held in your investment account. Your account custodian or transfer agent will send proxy statements directly to you. If the investment account is for a pension or other employee benefit plan governed by ERISA, you direct us not to vote proxies for securities held in the account, because the right to vote such proxies is expressly reserved for you or your plan fiduciary not Comprehensive Wealth Management.

## **Clients & Information Provided to Portfolio Managers (Item 7)**

*This section of the brochure describes who we generally provide our services to and who has access to your information.*

Comprehensive Wealth Management provides advisory services to a variety of types of clients including individuals, trusts, and individual's pension plans accounts. Our portfolio managers have access to the information you provide us and base their advice on it, so it is important you let us know of changes to your financial situation, goals, risk tolerance, or investment time horizon.

## **Client Contact with Portfolio Managers (Item 8)**

*This section explains how to contact and consult with our portfolio managers.*

As a client of ours you may contact us any time during our business hours. You may also write or e-mail us with any questions or requests.

Comprehensive Wealth Management  
4100 194th ST SW, Suite 205  
Lynnwood, WA 98036-4613  
(425)-778-6160  
[Info@ComprehensiveWealth.com](mailto:Info@ComprehensiveWealth.com)

## **Additional Information (Item 9)**

*This section of the brochure provides you with additional information about Comprehensive Wealth Management and our owners and management team on a variety of topics as required by the SEC, including legal and disciplinary information.*

### **Disciplinary Information**

Neither Comprehensive Wealth Management nor any of our owners or management team members has been involved in any civil or criminal investment-related events that must be disclosed by SEC Registered Advisors in this document.

However, state regulators require that all formal investigations and disciplinary actions taken by regulators, customer disputes, certain criminal charges and/or convictions, as well as any IAR's financial disclosures, such as bankruptcies and unpaid judgments or liens, be filed with FINRA. If this type of information would be material to your decision to do business with Comprehensive Wealth Management please refer to FINRA's Broker Check at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for more information about the IAR's you are evaluating.

## **Other Financial Industry Activities and Affiliations**

Comprehensive Wealth Management does not have any material business affiliations within the financial services industry. Brian Locket is a Registered Representative of Geneos Wealth Management, Inc., a broker-dealer.

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

*This sub-section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.*

### Code of Ethics

We have adopted a code of ethics designed to prevent and detect violations of securities rules by our employees and affiliated persons. Our controls in this area focus upon securities transactions made by our employees that have access to material information about the trading of Comprehensive Wealth Management. We will provide a copy of our code of ethics to clients or prospective clients upon request.

### Material Financial Interest

From time-to-time the interests of the principals and employees of Comprehensive Wealth Management may coincide with yours and other clients. Individual securities may be bought, held, or sold by a principal or employee of Comprehensive Wealth Management that is also recommended to or held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

It is the policy of Comprehensive Wealth Management to permit the firm, its employees and investment advisor representatives ("IARs") to buy, sell and hold the same securities that the IARs also recommend to clients. It is acknowledged and understood that we perform investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you may differ from other clients and investments made by our IARs. We have no obligation to recommend for purchase or sale a security that Comprehensive Wealth Management, its principals, affiliates, employees, or IARs may purchase, sell, or hold. When a decision is made to liquidate a security from all applicable accounts, priority will always be given to client orders before those of a related or associated person to Comprehensive Wealth Management. In some cases the trades of the clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. We have procedures for dealing with insider trading, employee-related accounts, "front running" and other issues that may present a potential conflict when buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

## **Brokerage Practices**

*This sub-section of the brochure describes how we recommend broker-dealers for client transactions.*

### **Factors Considered When Recommending Broker-Dealers**

We may suggest or recommend that clients use a particular qualified custodian and/or broker-dealer. When we make this recommendation, we consider:

- reasonableness of commissions, and other costs of trading
- ability to facilitate trades
- access to client records
- computer trading support
- other operational considerations

These factors are reviewed from time to time to assure the best interests of our clients are upheld.

### ***Research and Other Benefits***

We recommend that clients investing in the CWM Program establish brokerage accounts with a specific custodian, Charles Schwab & Co., Inc. ("Schwab") or Sterling Trust to maintain custody of your assets and to execute trades for your account(s). Schwab provides us with access to its institutional trading and operations services, which are typically not available to retail investors. These services are offered to independent investment advisors at no charge in exchange for keeping a minimum amount of account assets at Schwab. Schwab's services include research, brokerage, and custody. Schwab offers access to mutual funds and other investments that are available only to institutional investors or require a significantly higher minimum investment. Schwab also makes available to us other products and services that benefit us but may not benefit our clients. Some of these other products and services help us manage and administer client accounts, and include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- provide research, pricing information, and other market data
- facilitate payment of our fees from your account(s)
- help with back-office support, recordkeeping, and client reporting

These services may be used with all or even a substantial number of clients' accounts, including accounts not maintained at Schwab. We do not attempt to allocate the benefit to accounts proportionately to the accounts that generate the benefit.

Some of the products or services provided by Schwab do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, including those services that do not aid in investment decision-making or trade execution. These business management and

development services, in addition to those listed above, may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may use independent third parties to offer these services to Comprehensive Wealth Management. Schwab may discount or waive fees it would otherwise charge for some of these business management and development services or pay all or a part of the fees of a third-party providing these services to us. Because we receive discounts, research, products, or services we may have an incentive to select or recommend Schwab based on our interest in receiving the research, products, or services, rather than on the client's interest in receiving most favorable execution. Schwab may charge commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for services and benefits.

Schwab will not act as custodian for certain types of assets. If you own these alternative types of assets we recommend that you establish an account with Sterling Trust, a division of Equity Trust Company.

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

Comprehensive Wealth Management does not have any agreements in place where securities transactions are directed to particular broker-dealers in exchange for client referrals.

#### ***Directed Brokerage***

If you direct Comprehensive Wealth Management to execute securities transaction at a broker other than one we use for our other clients you will forgo any benefit from savings on execution costs that we may have obtained through its negotiation of volume discounts or batched orders. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case had you used a brokerage relationship we prefer.

#### ***Aggregated Orders***

When we decide to purchase or sell a specific security for multiple clients at the same time, we will consider aggregating, or combining the orders. This procedure will result in a single average price for all client transactions in the aggregated order. Your account custodian charges for each transaction as if it were placed individually.

### **Review of Accounts**

*This sub-section of the brochure describes how often client accounts are reviewed and by whom.*

#### **Reviews**

Comprehensive Wealth Management reviews the securities held in its clients' investment supervisory accounts on an ongoing basis. The reviews are conducted by Gary M Arford, our President, Morgan L. Arford, an Investment Strategist, or Brian J. Lockett, Wealth

Manager. Your accounts are reviewed at least quarterly for proper asset allocation to assure they comply with your investment objectives and mandates.

Financial plans are reviewed only upon request unless you retain us to update the plan on a continuous basis.

### Reports

Comprehensive Wealth Management does not prepare or send written reports to all clients. We have arranged for your independent qualified account custodians, Schwab and/or Sterling Trust, to prepare and distribute account statements directly to you not less than quarterly, detailing positions and activity in your account during the preceding statement reporting period. The statement will include a summary of all transactions made on your behalf, all contributions and withdrawals made to or from your account, all fees and expenses charged to your account, and the reported value of your account at the beginning and end of the period. The statement may be based upon information obtained from third parties.

### **Client Referrals and Other Compensation**

*This sub-section of the brochure discloses our arrangements with people who are compensated for referring us business.*

We don't have any arrangements where we receive or pay any compensation for making or receiving client referrals.

### **Custody**

*This sub-section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.*

You have authorized us to deduct periodic investment advisory fees directly from one or more of your accounts managed by Comprehensive Wealth Management. These deductions from your account are shown on the periodic statements sent by Schwab and/or Sterling Trust directly to you. You are encouraged to review these statements carefully and compare the amounts on your account statements with any statements we send and the fee schedule outlined in your Investment Advisory Agreement.

### **Financial Information**

Comprehensive Wealth Management is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1200. We never require payment of fees more than six months in advance.

## Principal Executives

The owners listed in Item 4 of this brochure are the only principal executives of Comprehensive Wealth Management. Please refer to Item 4 and our brochure supplement 2B for a full description of the principal executives.

No other Comprehensive Wealth Management owner or management team members have been involved in any civil or criminal investment-related events that must be disclosed by SEC Registered Advisors in this document.

Gary Arford, our President, serves on the board of directors of Choice Funds which is the investment Manager to a privately issued pooled investment vehicles ("Funds"). Some of our clients have purchased interests in the Funds. Mr. Arford is not involved in the day-to-day management or control of the Fund Manager or the Fund and receives no compensation for serving as a board member.

Mr. Arford is on the board of directors of a privately held Colorado company. Some of our clients have purchased securities issued by the privately held company.

## Privacy Statement

*We, like other professionals who advise on personal financial matters, are required by federal law to inform our clients of their policies regarding the privacy of client information.*

In the course of providing our clients with certain advice, we may receive nonpublic personal financial information such as financial statements, account statements, and tax returns from our clients, their accountants and other representatives. All nonpublic personal information that we receive regarding our clients or former clients is held in strict confidence in accordance with our professional obligations, and is not released to people outside Comprehensive Wealth Management, except with your consent, as required by law or to explain our actions to professional organizations that we are members of. We may share certain information with third parties who assist us in providing our services to you (such as administrative and client service functions) or marketing services, as permitted by law, subject to the obligation of these third parties not to use or disclose such information for any other purpose.

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases to comply with professional guidelines. In order to guard your nonpublic personal information from unauthorized disclosure, we maintain physical, electronic, and procedural safeguards.