

## **ADV Part 2A**

### **Wealth Advisors Group**

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March 18, 2011

This Brochure provides information about the qualifications and business practices of Wealth Advisors Group (WAG). WAG references a registered investment advisory firm, representatives of which include Mark D. VanderHagen, F. William Griffin, Jr., Joseph L. DeWald, and its associates. If you have any questions about the contents of this Brochure, please contact us at 260-490-8808. 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. For more information on each of the Investment Advisor Representatives of this firm, please consult their Form ADV Part 2B

Wealth Advisors Group is a registered investment adviser (RIA). Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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



## WEALTH ADVISORS GROUP

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### Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 18, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mark VanderHagen at (260) 490-8808. Our Brochure is also available on our web site free of charge.

Additional information about Wealth Advisors Group is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Wealth Advisors Group who are registered, or are required to be registered, as investment adviser representatives.



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#### Item 4 – Advisory Business

Wealth Advisors Group (“WAG” or “Adviser” or “Firm”) provides investment advisory services to its clients on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management is guided by the stated objectives of the client. In addition, the Adviser considers the client’s risk profile, suitability, and financial status prior to making any recommendations.

Based on a client’s Risk Profile, suitability, financial net worth, need for income, time constraints, and many other factors (see Item 8), a portfolio is established. Usually this will coincide with other clients’ portfolios of similar size and risk expectations. The Adviser adheres to the portfolio as long as it makes sense to do so. The Adviser can use strategic or tactical asset allocation approach to portfolio management. WAG may use a proportional combination of assets using long term rates of return for each asset class. Client portfolios may be periodically rebalanced to regain balance. Mutual funds, ETFs and individual equities usually form the core portfolio holdings. LPL Financial has guidelines as to maximum allocation percentages of certain asset classes in light of net worth. WAG will always adhere to any restrictions set by the broker/dealer.

WAG can and does, in some circumstances, tailor investments for clients who impose certain restrictions on securities or types of securities. WAG will refrain from owning certain securities or types of securities in a client’s portfolio at their request, and will make special arrangements for those clients imposing certain restrictions on their account(s).

For those clients that require an enhanced and/or specialized level of asset management services, Adviser may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) and/or investment programs (the “Independent Manager(s)”), based upon the stated investment objectives of the client, including investment managers and/or programs selected and/or recommended by Adviser. The terms and conditions under which the client shall engage Independent Manager(s) shall be set forth in separate written agreements between the client and the Adviser and the client and the designated Independent Manager(s). The Adviser shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance.

WAG offers *fee-based* accounts, in which no commissions are charged, but only a fee for managing the assets. Additional expenses may apply, including such charges as transaction costs. For a breakdown of our fee-based platform, see part 5. For a breakdown of other expenses, see LPL Financial’s “Account Packet” for the respective type of account.

WAG manages approximately \$151,400,000 in fee-based (discretionary) assets as of 3/18/11 and approximately \$63,700,000 (non-discretionary) in brokerage assets as of 3/18/11.

The Adviser provides financial planning, consulting and plan update services to individuals and businesses. The Adviser may also provide security or non-security advice on topics that may include but are not limited to workplace retirement plans, business, retirement, estate, budgetary, college, personal and business tax planning.

*Wealth Advisors Group* has been operating since 1991, former to 2010 operating under d/b/a *The Advisors Group*. Its principal owners are Mark D. VanderHagen (Mark), 45%; F. William Griffin, Jr. (Bill), 40%; and Joseph L. DeWald (Joe), 15%. Mark's experience as a financial advisor began in 1987. Bill's experience as a financial advisor began in 1986. Joe's experience as a financial advisor began in 1999. Each of them are registered representatives of LPL Financial, our broker/dealer. For info on LPL, visit [www.lpl.com](http://www.lpl.com) or <http://wealthag.com/new/wag/content.asp?contentid=2017448748>.

#### **Item 5 – Fees and Compensation**

Management fees for fee-based accounts are paid quarterly in advance and are negotiable. Fees are due on the first day of the calendar quarter, and may be billed directly to the client or deducted from the advisory account. Fees are based on the account's asset value as of the last business day of the prior calendar quarter and are prorated for accounts opened during the quarter. Annualized fees are as follows:

##### ***Annualized Fees***

<u>From</u>	<u>To</u>	<u>Per Year</u>
\$50,000	Up to \$249,999	1.75%
\$250,000	\$749,999	1.25%
\$750,000	\$999,999	1.25%
\$1,000,000	\$1,999,999	1.00%
\$2,000,000	\$2,999,999	0.90%
\$3,000,000	\$4,000,000	0.80%
\$4,000,000	\$∞	Negotiable

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement with 30 days written notice.

The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12 (b)(1) fees and other mutual fund annual expenses as described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

For those enhanced and/or specialized level of asset management services mentioned in Item 4, the Adviser receives compensation pursuant to its agreements with these Independent Managers for introducing clients to these Independent Managers and for certain ongoing services provided to clients. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i: the Independent Manager's from ADV Part II; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager or managers selected; or, iv) the Independent Manager's account opening documents. A copy of all relevant disclosure documents of the Independent Manager(s) will be provided to anyone interested in these programs / managers.

The Adviser charges a fixed fee or an hourly fee for financial planning, consulting and plan update services. Clients are billed at the rate of \$200 an hour and the fixed fee generally ranges from \$280 to \$1,500 based on the range and complexity of the services being provided.

Hourly and fixed fees are due and payable upon completion of the plan or services.

If clients elect to implement recommendations made in a financial plan their accounts may incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses. These fees are in addition to and separate from planning and consulting fees. Additionally, brokerage-based accounts will have transaction costs and commissions. These commissions are further described under Item 12: Brokerage Practices.

Clients will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, clients may terminate an agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the service. The Adviser may terminate an agreement by providing written notice to clients. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.

WAG does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds within

advisory accounts. This does not include commissions in Brokerage accounts, which are outlined in each fund's Prospectus.

Associated persons may not, but the same individuals in their capacities as registered representatives may receive payments from certain mutual fund companies distributed pursuant to a 12b-1 or 12b-2 distribution plan or other such plans as compensation for administrative services. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities.

The specific manner in which fees are charged by WAG is established in a client's written agreement with WAG.

WAG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to WAG's fee, and WAG shall not receive any portion of these commissions, fees, and costs.

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

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

WAG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). WAG's representatives will invest similarly to what they are recommending to clients, with the exceptions being where the risk and return objectives, goals, time horizon, risk tolerance levels, or any other material factor does not align.

#### **Item 7 – Types of Clients**

WAG provides portfolio management services and investment advice to individuals, high net worth individuals, physicians, small business owners and family-owned businesses, retirees, and retirement-focused individuals.

The Adviser requires a minimum of \$100,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of the Adviser. In addition, the Adviser may continue to service existing accounts that have values that are below the

minimum. Increased regulation and laws have made doing business much more costly, and WAG reserves the right to turn away clients for any reason.

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

The starting point of our investment strategy is risk management. We take a dynamic approach to risk management, realizing that each client has different return expectations, risk comfort levels, and loss thresholds. We have a risk management strategy in place, which provides us with the discipline to decrease portfolio risk when we deem the corresponding expected returns to be insufficient given the level of risk, and vice versa.

In our investment process we don't just look at the traditional asset classes – stocks and bonds – we look at a much wider set of investment opportunities. We identify investment themes we believe will be long term opportunities that we can take full advantage of in our portfolios. As a result our portfolios do not mirror the traditional benchmarks because we are not content to ride the markets up and down with a high level of volatility.

Our focus on tactically changing our asset allocation within portfolios is a key factor in our client's ability to build long-term wealth. When a particular asset type or strategy is employed, clients will always have the option to read the provided Prospectus, outlining specific risks.

WAG's first step in portfolio management is to determine risk and return objectives. Step two is determining appropriate managers to meet risk and return objectives. This is done by evaluating long-term performance, performance attribution, and portfolio allocation to find managers that meet the clients' needs. WAG uses industry standards in evaluation and does not use third parties in the portfolio manager review process.

WAG's process includes quarterly reviews of accounts and adjustments as necessary to meet the clients' risk and return objectives. WAG will act as the portfolio manager for the Program, and clients should be aware of the following potential conflicts of interest.

Investing in securities involves risk of loss that clients should be prepared to bear. Certain types of investments involve significant and/or unusual risks, and these will be disclosed before the type of investment is recommended.

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

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



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

Associates of the Adviser are registered representatives and investment adviser representatives of LPL Financial ("LPL"), a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and a registered investment adviser. Most of WAG's time is spent providing financial planning and investment advisory services offered by the Adviser.

Associated persons may not, but the same individuals in their capacities as registered representatives may receive payments from certain mutual fund companies distributed pursuant to a 12b-1 or 12b-2 distribution plan or other such plans as compensation for administrative services. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities.

## **Item 11 – Code of Ethics**

The Adviser has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Adviser and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

WAG anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which WAG has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which WAG, its affiliates and/or clients, directly or indirectly, have a position of interest. WAG's employees and persons associated with WAG are required to follow WAG's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WAG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for WAG's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WAG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of

securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of WAG's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WAG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WAG's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WAG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

WAG's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us.

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

### **Item 12 – Brokerage Practices**

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. Whenever possible, the advisor will determine the amount of work (research, cost, etc.) spent on a particular transaction and will give a discount to the transaction commission of unsolicited non-commissionable products when able/necessary/fair.

WAG does not have discretion over brokerage transactions. WAG will recommend products through LPL Financial. However, if a client pays for investment advice, financial planning, or recommendations, there is nothing stopping them from implementing that advice on their own, through another financial institution or broker/dealer.

WAG does not determine the commission rates paid for commissionable products, but will take into account the amount of research used to determine whether we can give a discount to the transaction commission on a non-commissionable product. WAG also does not determine the broker/dealer to be used, as we sell products solely through LPL Financial.

Under some circumstances the Adviser may be granted the discretionary authority to select the type and amount of securities to be bought or sold without specific client consent. Associated persons of the Adviser, in their capacities as registered representatives may suggest that clients implement recommendations through LPL. If the client chooses to do so, this would present a conflict of interest to the extent that registered representatives could receive commissions as registered representatives or compensation as an investment adviser representative. Clients are under no obligation to implement a plan or its recommendations through registered representatives but if they do so, they may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services.

#### **Block Trading**

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of adviser's investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction; adviser will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by adviser's compliance officer no later

than one hour after the opening of the markets on the trading day following the day the order was executed.

The Adviser's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; adviser will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

### **Item 13 – Review of Accounts**

WAG performs reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by WAG.

Advisory account statements are generated no less than quarterly. These statements are sent directly from LPL Financial to the account owner's mailing address listed on the account, and any interested party listed on the account (the client will be made aware of this at the time of the account opening). These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction. See Item 15 for more information regarding reports provided to clients.

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

WAG does not offer any type of compensation for providing referrals, whether it is from a client or non-client. WAG also does not accept any form of compensation for providing investment advice to non-clients. WAG accepts compensation for providing investment advice only from clients where there exists a written agreement.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. WAG urges you to

carefully review such statements and compare such official custodial records to the account reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

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

When selecting securities and determining amounts, WAG observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, WAG's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to WAG in writing.

Before discretionary action is taken, clients will be provided with and required to agree to and sign the Investment Advisor Agreement. More information about discretionary authority is outlined there.

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

As a matter of firm policy and practice, WAG does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WAG may, however, provide advice to clients regarding the clients' voting of proxies.

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

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