

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Wealth Strategies By Bayliss & McAninch, Inc. If you have any questions about the contents of this Brochure, please contact us at (775) 883-9555 and/or CMcAninch@BaylissCPA.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 Wealth Strategies By Bayliss & McAninch, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Wealth Strategies By Bayliss & McAninch, Inc. is 129812.

Any references to Wealth Strategies By Bayliss & McAninch, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Item 2 - MATERIAL CHANGES

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

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Item 4 - ADVISORY BUSINESS

Wealth Strategies By Bayliss & McAninch, Inc. (hereinafter referred to as “Wealth Strategies”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. Wealth Strategies was established in November of 2003. Wealth Strategies is owned by Carrie McAninch, Vice President, and Michael Bayliss, President.
- B. Wealth Strategies offers the following advisory services. Each of the services is more fully described below.
 - Financial Planning
 - Asset Management
 - Analysis, Recommendation and Monitoring of Third Party Managed Programs
- C. Wealth Strategies tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. Wealth Strategies will ask you to complete a fact finder or data gathering questionnaire to assist Wealth Strategies with obtaining information about your financial situation and history. Additionally, Wealth Strategies will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by Wealth Strategies will assist Wealth Strategies to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, Wealth Strategies will gather various financial information and history from you including, but not limited to:
 - Retirement and financial goals
 - Investment objectives
 - Investment horizon
 - Financial needs
 - Cash flow analysis
 - Cost of living needs
 - Education needs
 - Savings tendencies
 - Tax Returns including W2s and 1099s
 - Current retirement plans and employer provided insurance
 - Mortgage information
 - Other insurance
 - Wills and trusts
 - Other applicable financial information required by Wealth Strategies in order to provide the investment advisory services requested.
- D. Wealth Strategies does not participate in any wrap fee programs.

- E. As of December 31, 2010, we have approximately \$65 million of client assets under our discretionary management. Wealth Strategies does not have assets under management on a non-discretionary basis.

Financial Planning Services

Financial planning services may cover any or all of the following areas:

- Retirement planning
- Education planning
- “Windfall” planning
- Asset allocation
- Estate planning
- Special needs planning
- Asset management
- Tax planning
- Insurance needs
- Other areas of importance to the client

Planning services may be “comprehensive” or “modular” in structure, depending on your needs. A comprehensive plan would focus on all areas listed that are pertinent to the client. A modular plan would focus on only one or two areas of particular interest such as retirement or education planning. Other areas of concern to the client may be reviewed by Wealth Strategies or outsourced to other experts for their review (only with prior approval of the client). The financial plan may include specific financial and investment strategies as well as specific product recommendations, including equity, fixed income and insurance products.

Wealth Strategies will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to Wealth Strategies. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Wealth Strategies cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify Wealth Strategies promptly of the changes. You are advised that the advice offered by Wealth Strategies may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through Wealth Strategies or Advisory Representatives. Should you implement the plan with Wealth Strategies’ Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to Wealth Strategies.

Asset Management Services

Upon Wealth Strategies completing its analysis of your situation, Wealth Strategies will construct an asset allocation customized to your financial goals, objectives and risk tolerance. Wealth Strategies has designed four (4) model portfolios. Wealth Strategies will initially determine which of the model portfolio(s) may be most suitable for you. Wealth Strategies then customizes a portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

Changes to the model portfolio allocations will not necessarily be applied to every client invested similar to a model. Wealth Strategies will evaluate your account and determine whether or not any changes are needed.

Unless otherwise expressly requested by you, Wealth Strategies will manage the account on a discretionary basis and will make changes to the allocation as deemed appropriate by Wealth Strategies. Wealth Strategies will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Wealth Strategies may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to Wealth Strategies by execution of the Asset Management agreement.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement. However, you are advised non-discretionary accounts carry risks. The risks include performance being affected if Wealth Strategies cannot efficiently amend the allocation of the account. Further, there is the risk of missing market opportunities and costs may be affected since transactions may not be able to participate in block transactions.

If you have existing portfolios that meets your current investment objectives, you may elect to engage Wealth Strategies for an annual fee based to provide ongoing monitoring of the portfolio. Wealth Strategies will periodically provide suggestions for re-balancing and/or investment changes.

You are advised Wealth Strategies acts as investment manager to Wealth Strategies Investment Fund, LLC, Wealth Strategies Real Estate Fund, LLC, Wealth Strategies Income Fund, and Wealth Strategies Equity Fund ("Investment Funds") private investment funds in which clients are solicited to invest. Only accredited investors may participate in the Investment Funds or up to 35 non-accredited investors who meet certain suitability standards. The Investment Funds may be used in clients' portfolios. Investors will be provided an Offering Memorandum and should read the Offering Memorandum carefully before agreeing to invest into one or both of the Investment Funds.

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Analysis, Recommendation and Monitoring of Third Party Managed Programs

Wealth Strategies has entered into a relationship with Morningstar® Managed Portfolios to offer asset allocation and management services to clients. Clients will be provided with Morningstar®'s Disclosure Brochure which will explain the program and fees associated.

Wealth Strategies is not affiliated with any of the money managers recommended to clients. However, Wealth Strategies may receive economic benefit as a result of referring clients to money managers.

Wealth Strategies will not directly conduct any securities transactions on behalf of the client or participate directly in the selection of the securities to be purchased or sold for the client. Investment decisions are made by the third party manager in accordance with the agreement between client and manager.

Morningstar® Managed Portfolios

Wealth Strategies may offer clients the Morningstar® Managed Portfolios Program ("Program"). MIS will receive compensation for their investment advisory services provided under the Program as a percentage of assets. In addition, MIS will delegate certain services to Wealth Strategies, such as assisting each client in completing a questionnaire and other applicable account opening forms, determining suitability and the appropriate portfolio within the Program, meeting with the client at least annually to obtain any changes in their financial situation, and acting as liaison between MIS and the Wealth Strategies' client. For these services, Wealth Strategies will receive a portion of the fee paid by each client participating in this Program.

The minimum initial investment to open an account under the Program is \$50,000 for mutual fund portfolios, \$100,000 for ETF portfolios, and \$250,000 for Stock Basket Portfolio program is \$250,000, and the minimum investment requirement for subsequent investments is \$500 (\$250 for IRA accounts).

Morningstar® will maintain complete discretion over the investments made in these portfolios.

General Information

You are advised the investment recommendations and advice offered by Wealth Strategies are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Wealth Strategies promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Wealth Strategies of any such changes could result in investment recommendations not meeting your needs.

Wealth Strategies will work with your legal, accounting, insurance or other professional advisers to ensure the coordination of all pieces involved in the financial planning and/or estate planning process. Should you retain Wealth Strategies for tax preparation or other services through the CPA firm, it is suggested that a different engagement agreement be executed.

Item 5 - FEES AND COMPENSATION

Financial Planning Services

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with Wealth Strategies, number of meetings, complexity of your situation, amount of research, services requested, and staff resources.

Wealth Strategies may quote a “flat” fee based on the anticipated number of hours for the financial plan and will agree not to exceed that flat fee if the scope of the project does not change from that originally agreed upon. In all cases, Wealth Strategies may require a deposit of up to 50% of the expected charges at the time the contract is signed with the balance due upon delivery of the financial plan.

Fee Type	Maximum Fee	Payable
Fixed Fee	\$3,000	A “flat” fee may be quoted based on the anticipated number of hours for the financial plan. Wealth Strategies will agree not to exceed that flat fee if the scope of the project does not change from that originally agreed upon. Wealth Strategies requires a deposit of up to 50% of the expected charges at the time the contract is signed with the balance due upon delivery of the financial plan.
Hourly Fee	\$300 per hour	Fees are due upon receipt of Wealth Strategies invoice.

Should pay for financial planning separately and decide to engage the Wealth Strategies for asset management services within 30 days of the financial plan presentation meeting, Wealth Strategies may offset all or a portion of the planning fees against the asset management fee.

Termination Provisions

You may terminate advisory services obtained from Wealth Strategies, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Wealth Strategies. Thereafter, you may terminate advisory services at any time prior to services being performed and any prepaid fees will be refunded. If advisory services are terminated after services has begun, you will be charged for those services rendered.

Asset Management Services

- A. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Wealth Strategies By Bayliss & McAninch, Inc.

Fee adjustments will generally not be made for additional deposits to the account or partial withdrawals from the account. No fee adjustments will be made for Account appreciation or depreciation.

Account Size	Maximum Annual Fee
Less than \$100,000	2.50%
\$100,000 to \$249,999	2.00%
\$250,000 to \$499,999	1.50%
\$500,000 and above	1.00%

Wealth Strategies aggregates or households all of your managed accounts together to determine your quarterly fee. However, the value of accounts under management with Morningstar will not be included in the aggregate

Wealth Strategies may change the above fee schedule upon 30-days prior written notice to you.

- B. Advisory fees will generally be collected directly from your account, provided you have given Wealth Strategies written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, Wealth Strategies has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to Wealth Strategies, except for ERISA and IRA accounts.
- C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Wealth Strategies and are charged by the product, broker/dealer or account custodian. Wealth Strategies does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with Wealth Strategies and are compensation to the fund-manager.

If the Wealth Strategies Investment Funds are used in your portfolio, Wealth Strategies will earn a performance based fee based on the performance of the fund. The value of the funds will be excluded from your portfolio value for purposes of calculating the asset management fee on the balance of the managed portfolio. Therefore, you will not be charged an additional advisory fee on the value of the Wealth Strategies Investment Funds.

Fee Schedule for the Investment Funds

Real Estate Fund

Accredited Investors. The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. The first two percent (2%) of the increase or decrease in Net Asset Value will be allocated and the increase may be distributed to the Manager in its sole discretion on the first business day of the following month. Additionally, the Manager will

allocate to itself monthly fifty percent (50%) of the prior month's increase or decrease in Net Asset Value remaining after the first twelve percent (12%) has been allocated to the Manager and the Members and may distribute the increase to itself in its sole discretion on the first business day of the following month.

Non-Accredited Investors. The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. For the 35 non-accredited investors allowed to purchase units, the Manager will be allocated five percent (5%) of Net Asset Value of the Company. The first five percent (5%) of the Net Asset Value calculated as of the last day of each month will be allocated and may be distributed to the Manager in its sole discretion on the first business day of the following month.

Investment Fund

The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. The first two percent (2%) of the increase or decrease in Net Asset Value calculated as of the last day of each month will be allocated and the increase may be distributed to the Manager in its sole discretion on the first business day of the following month. Additionally, the Manager will allocate monthly and may distribute to itself on the first business day of the following month seventy-five percent (75%) of the prior month's increase or decrease in Net Asset Value remaining after the first twelve percent (12%) annually has been allocated to the Manager and the Members. (Notwithstanding the foregoing, the Company will assess an ongoing annual management fee of 4% against any assets managed by the Company, including the amount of any growth of assets, for non-accredited investors.)

Income Fund

The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. The first one percent (1%) on an annualized basis of the increase in Net Asset Value calculated as of the last day of each month will be allocated and may be distributed to the Manager in its sole discretion on the first business day of the following month. Additionally, the Manager will allocate monthly and may distribute to itself on the first business day of the following month fifty percent (50%) of the prior month's increase in Net Asset Value remaining after the first five percent (5%) annually has been allocated to the Manager and the Members.

For Non-Accredited Investors:

The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. For the 35 non-accredited investors allowed to purchase Units, the Manager will charge an annual fee of two percent 2% of Net Asset Value of these Units. The annual fee will be prorated monthly and calculated as of the last day of each month. The monthly prorated fee may be paid to the Manager in its sole discretion on the first business day of the following month.

Equity Fund

The Manager shall calculate monthly, as of the last day of the month, the Net Asset Value of the Company. The first two percent (2%) on an annualized basis of the increase in Net Asset Value calculated as of the last day of each month will be allocated and may be distributed to

the Manager in its sole discretion on the first business day of the following month. Additionally, the Manager will allocate monthly and may distribute to itself on the first business day of the following month fifty percent (50%) of the prior month's increase in Net Asset Value remaining after the first ten percent (10% annually has been allocated to the Manager and the Members.

- D. Advisory fees will be charged in advance of each calendar quarter. The quarterly advisory fee will be calculated based on the value of the Account on the last business day of the just completed calendar quarter. Fees for partial periods will be prorated. Therefore, the initial quarterly fee, for accounts established during a quarter, will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

You may invest in some mutual funds directly without the services of Wealth Strategies. In that case, you would not receive the advisory services provided by Wealth Strategies, which are designed, among other things, to assist the client in determining which money managers and possible investments are most appropriate to your financial situation and objectives.

Termination Provisions

You may terminate advisory services, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Wealth Strategies. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate advisory services upon Wealth Strategies receipt of your written notice to terminate. Should you terminate investment advisory services during a calendar quarter, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

Analysis, Recommendation and Monitoring of Third Party Managed Programs

Mutual Fund Portfolios

Assets Under Management	Wealth Strategies' Fee	Morningstar Services Fee	Total Annual Fee
1 st \$500,000	1.10%	0.40%	1.50%
Next \$500,000	1.05%	0.35%	1.40%
Next \$1,000,000	1.00%	0.30%	1.30%
Next \$2,000,000	0.90%	0.20%	1.10%

ETF Portfolios and Stock Basket Portfolio

Assets Under Management	Wealth Strategies' Fee	Morningstar Services Fee	Total Annual Fee
1 st \$1,000,000	1.10%	0.31% - 0.55%	1.41% - 1.65%
Next \$4,000,000	1.10%	0.25% - 0.50%	1.35% - 1.60%
Next \$5,000,000	1.10%	0.20% - 0.45%	1.30% - 1.55%

The fee schedules are tiered. Fees are deducted from clients' accounts quarterly in arrears.

In addition, clients' assets will be invested in shares of mutual funds, which will have their own advisory fees and fund expenses. As a shareholder of these funds, the client will bear their proportionate share of these fees. Clients may invest in the mutual funds directly without participating in the MIS Program (and therefore without paying the Program fee); however, in doing so, they will not receive the advisory and other services provided by MIS and Wealth Strategies respectively.

Wealth Strategies may review performance reports with the clients during a telephone or face-to-face meeting. Wealth Strategies may bill at their hourly rate of up to \$300 for these review meetings.

Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

Wealth Strategies charges a performance-based fee on the Investment Funds (i.e. Wealth Strategies Investment Fund, LLC, Wealth Strategies Real Estate Fund, LLC, Wealth Strategies Income Fund, and Wealth Strategies Equity Fund).

Wealth Strategies provides asset management for an asset-based fee and hourly and flat fees for financial planning services.

Wealth Strategies has an incentive to favor the Investment Funds over other managed assets because Wealth Strategies' fee is based on the performance of the Investment Funds. Though there is an incentive there is also the risk that Wealth Strategies may take more risk in an attempt to increase the performance of the Investment Funds. The Investment Funds are limited to those clients who meet the suitability qualifications of the Investment Funds. Further, investors are provided an offering memorandum on the Investment Funds which discloses the conflicts of interests, risks, objectives and costs associated with the Investment Funds.

Item 7 - TYPES OF CLIENTS

Wealth Strategies' services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth individuals. Additionally, Wealth Strategies provides services to other pooled investment vehicles, charitable organizations and foundations, and corporations or other forms of businesses.

Financial Planning Services

Minimum account size for a financial plan is \$100,000 in investable assets.

Asset Management Services

Wealth Strategies generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. Wealth Strategies will generally require you to deposit a minimum of \$100,000 (cash or securities). However, under certain circumstances, Wealth Strategies may waive the minimum account size requirement and accept accounts less than \$100,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you

have other accounts under management with Wealth Strategies. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

- A. Wealth Strategies conducts fundamental, technical and cyclical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns. Cyclical analysis involves attempting to determine the patterns of how the economy and/or the market affect a security and attempt to determine the highs and lows of the security.

Wealth Strategies utilizes Morningstar's program (including Principia) and/or other programs for additional information to conduct research.

- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by Wealth Strategies will require you to be prepared to bear the risk of loss and fluctuating performance.

Wealth Strategies does not represent, warrant or imply that the services or methods of analysis used by Wealth Strategies can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Wealth Strategies will provide a better return than other investment strategies.

- C. Wealth Strategies primarily uses mutual funds and exchange traded funds ("ETFs"). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time Wealth Strategies will direct the client to the appropriate Web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

Item 9 - DISCIPLINARY INFORMATION

There is no reportable disciplinary information required for Wealth Strategies or its management persons that is material to your evaluation of Wealth Strategies, its business or its management persons.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Wealth Strategies by Bayliss & McAninch, Inc. is the Managing Member of Wealth Strategies Investment Fund, LLC, Wealth Strategies Real Estate Fund, LLC, Wealth Strategies Income Fund, LLC, and Wealth Strategies Equity Fund, LLC ("Investment Funds") private investment funds in which clients are solicited to invest. Wealth Strategies also operates as the investment manager of the Investment Funds and manages all trading and investment activities. Wealth Strategies will earn management and incentive fees incurred in connection with trading done on behalf of the Investment Funds. Clients of Wealth Strategies may be solicited to invest in the Investment Funds and Wealth Strategies will earn these fees in addition to the other fees outlined elsewhere in Schedule F (for financial planning and/or money management).

Conflicts of Interest

Wealth Strategies has not established any formal procedures to resolve the following conflicts of interest based on its relationship with Investment Funds. For additional detail on these, Clients should read the offering memorandum for Wealth Strategies Investment Fund, LLC, r Wealth Strategies Real Estate Fund, LLC, Wealth Strategies Income Fund, LLC, and/or Wealth Strategies Equity Fund, LLC. This is not a complete listing of the possible conflicts of interest and it does not cover the conflicts inherent in the Investment Funds. For a more complete listing as they relate to the Investment Funds, please refer to the Offering Memorandum.

The principal business of Michael Bayliss, President of Wealth Strategies, involves something other than providing investment advice. Michael Bayliss is a Certified Public Accountant and owner of Bayliss & Associates, LLC, Certified Public Accountants. As such he may receive fees for accounting services that are in addition to any fees charged through Wealth Strategies for advisory services.

Additionally, Michael Bayliss may serve as a pension consultant through his related business, Bayliss & Associates, LLC, a Certified Public Accounting firm.

Wealth Strategies is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, Wealth Strategies is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

As stated under Item 4, *Advisory Business* above, Wealth Strategies recommends other investment advisers (i.e. third party managers) and will receive a portion of the fee charged to you by the

investment adviser. Since Wealth Strategies has an interest in the compensation this is considered a material conflict of interest. Wealth Strategies selects third party managers based on several criteria including cost, type of management, past history, ability to meet a need and provide a unique service. Since the fee charged to you is based on the value of your portfolio, all parties have an incentive to work toward performance goals and objectives. Consequently, if the third party manager does not adequately manage your account and the value of your portfolio goes down, so does the third party manager's and Wealth Strategies' compensation.

Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code Of Ethics

- A. Wealth Strategies has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Wealth Strategies takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Wealth Strategies' policies and procedures. Further, Wealth Strategies strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Wealth Strategies' Privacy Policy. As such, Wealth Strategies maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Wealth Strategies' Code of Ethics establishes Wealth Strategies' expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.
- B. Neither Wealth Strategies nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. Wealth Strategies and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Wealth Strategies and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Wealth Strategies and its associated persons will not put their interests before your interest. Wealth Strategies and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. Wealth Strategies is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

Prohibition on Use of Insider Information

Wealth Strategies has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material non-public information). A copy of such policies and procedures is available to any person upon request.

Item 12 - BROKERAGE PRACTICES

Wealth Strategies participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Wealth Strategies receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

In initially selecting TD Ameritrade, Wealth Strategies conducted due diligence. Wealth Strategies’ evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to Wealth Strategies
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Periodically Wealth Strategies will review transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for Wealth Strategies and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

You are not obligated to utilize the services of TD Ameritrade. However, if you select another broker/dealer, you are advised you may not obtain the most favorable execution of your transactions. Costs and expenses may be higher since Wealth Strategies will not be able to include your transactions in aggregated orders. Further, selecting another broker/dealer may limit Wealth Strategies ability to efficiently manage your account.

Wealth Strategies may aggregate (“bunch”) transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Wealth Strategies conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

Item 13 - REVIEW OF ACCOUNTS

- A. You will be invited to participate in at least an annual review or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning Services you will not receive regular reviews. Wealth Strategies recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

The following individuals conduct reviews:

Michael D. Bayliss, President and Asset Manager

Carrie L. McAninch, Vice President and Asset Manager

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

- A. As disclosed under Item 12. above, Wealth Strategies participates in TD Ameritrade’s institutional customer program and Wealth Strategies may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Wealth Strategies’ participation in the program and the investment advice it gives to its Clients, although Wealth Strategies receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements

and confirmations; research related products and tools; consulting services; access to a trading desk serving Wealth Strategies participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Wealth Strategies by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Wealth Strategies' related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Wealth Strategies but may not benefit its Client accounts. These products or services may assist Wealth Strategies in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Wealth Strategies manage and further develop its business enterprise. The benefits received by Wealth Strategies or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Wealth Strategies endeavors at all time to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Wealth Strategies or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Wealth Strategies' choice of TD Ameritrade for custody and brokerage services.

- B. Wealth Strategies does not directly or indirectly compensate any person who is not a supervised person of Wealth Strategies for referrals. Further, Wealth Strategies does not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

Item 15 - CUSTODY

If you have not invested into any of the Wealth Strategies Investment Funds, with the exception of deduction of Wealth Strategies' advisory fees from your accounts, Wealth Strategies does not take custody of your funds or securities.

If you have invested in the Wealth Strategies Investment Funds, you will receive account statements not less than at least quarterly from the account custodian. It is important you review the statements carefully.

Item 16 - INVESTMENT DISCRETION

You may grant Wealth Strategies authorization to manage your account on a discretionary basis. Discretionary authority will give Wealth Strategies the authority to buy, sell, exchange and convert securities in your managed accounts. You will grant such authority to Wealth Strategies by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by Wealth Strategies.

Additionally, you are advised that:

Wealth Strategies By Bayliss & McAninch, Inc.

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of Wealth Strategies' advisory fees from the account, if you have authorized automatic deductions, Wealth Strategies will not have the ability to withdraw your funds or securities from the account.

Item 17 - VOTING CLIENT SECURITIES

Wealth Strategies does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact Wealth Strategies about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 - FINANCIAL INFORMATION

- A. Wealth Strategies will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, Wealth Strategies has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of Wealth Strategies' advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. Neither Wealth Strategies nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS

This section is not applicable to Wealth Strategies. Wealth Strategies is not state registered. Wealth Strategies is registered with the Securities and Exchange Commission.