



*Where Relationships Are the Difference*

## SCHEDULE H WRAP FEE PROGRAM BROCHURE



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This wrap fee program brochure provides clients with information about the qualifications and business practices of World Equity Group, Inc. and its Reps Choice Money Management Program that should be considered before investing. If you have any questions about the contents of this brochure, please contact us at (847) 342-1700 or [compliance@weg1.com](mailto:compliance@weg1.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.

This brochure is given to program clients in addition to Form ADV Part 2. Form ADV Part 2 includes information that is not included in this brochure. Please review both documents carefully.

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

**DATED  
MARCH 28, 2012**

## MATERIAL CHANGES

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There are no material changes to report. This Wrap Fee Program Brochure has been reviewed and is current. SEC Rule 204-3(b)(2) allows a summary page be provided in the event material changes are made to this brochure. If you receive a summary page of material changes and would like to obtain a current copy of the entire brochure, please contact either World Equity Group or your Investment Advisor Representative for a complete copy.

## TABLE OF CONTENTS

<b>SERVICES AND PROGRAMS.....</b>	<b>4</b>
<b>FEES AND COMPENSATION .....</b>	<b>5</b>
<b>ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS.....</b>	<b>6</b>
<b>PORTFOLIO MANAGER SELECTION AND EVALUATION .....</b>	<b>7</b>
<b>CLIENT CONTACT &amp; INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....</b>	<b>8</b>
<b>ADDITIONAL INFORMATION .....</b>	<b>8</b>

# SERVICES AND PROGRAMS

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World Equity Group (WEG) is a Registered Investment Advisor<sup>1</sup> whose focus is to assist clients and their families, business entities, non-profits and other financial institutions with investment planning and management. WEG provides a variety of investment management services including actively managed equity and bond market participation programs, asset allocation programs, customized programs and financial planning services.

The Reps Choice Money Management Program is a separately managed account program sponsored by WEG. Pursuant to the program, an Investment Advisor Representative associated with WEG, or associated with an investment advisory firm who has been provided access to the Reps Choice Money Management Program, assists clients with the allocation of funds among portfolio managers available in the program. The allocation is based on the personal and financial data and investment objectives provided by the client. In all cases, the selection of portfolio managers is made by the client. Funds allocated to each portfolio manager will be held in a separate sub-account. Portfolio managers will have authority to invest and reinvest the funds on a discretionary basis, in accordance with a model or investment strategy maintained by the portfolio manager. Portfolio managers will invest only in accordance with their model. In some cases involving mutual funds, the portfolio manager will provide a signal to WEG, who will have limited discretion to invest the sub-account in accordance with the signal. WEG will not have discretion to reallocate funds among accounts, but funds may be reallocated by the client at any time.

**This brochure is given to clients in addition to the Form ADV Part 2 Disclosure Brochure provided by each program.** The Form ADV Part 2 includes information that is not included in this brochure. Please review both documents carefully. The Form ADV Part 2 should be given for each program selected and each program is managed by an outside investment advisor that is not affiliated with WEG. The ADV Part 2 Disclosure Brochure is available through your Investment Advisor Representative or by contacting World Equity Group.

Managed accounts available under the Reps Choice Money Management Program include:

## **QFA, LLC.**

### ***Enhanced Income ETF Portfolio***

QFA's Enhanced Income ETF Portfolio utilizes a diversified portfolio of Exchange Traded Funds (ETFs). The dynamic ETF allocation is designed to achieve positive risk adjusted returns. An inverse position is included that is expected to go up if the market goes down. In addition, QFA adds a thirty-day covered call overlay to the ETF portfolio to enhance income. Selling covered calls is a strategy for generating monthly cash flow while attempting to reduce downside risk.

## **VAN HULZEN ASSET MANAGEMENT**

### ***Covered Call Strategy***

Van Hulzen uses a large cap "buy-write" (covered call) strategy, investing in large cap equities and using conservative option contracts to add additional yield and hedge downside exposure. The objective is to out-perform the broad equity index (S&P 500 on a risk adjusted basis) over the long run while also providing protection during market declines. By "covering" holdings with call options, Van Hulzen is effectively trading a portion of the uncertain price appreciation of their holdings in return for much more certain current period income. Van Hulzen's fundamental screening criterion for securities focuses on long term value creation and consistent cash flow returns.

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<sup>1</sup> The term "Registered Investment Advisor" is not intended to imply that World Equity Group, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are "Registered" as an "Investment Advisor" with the United States Securities & Exchange Commission – and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.

# FEES AND COMPENSATION

Reps Choice Money Management accounts are charged an “assets under management” fee, based on the value of all securities in the account.

These fees include advisory services of Portfolio Managers, as well as execution and custody. In addition to these fees, Client may also incur other charges, including (i) any dealer markups or markdowns and odd-lot differentials, SEC imposed fees and transfer taxes, (ii) charges imposed by broker-dealers other than the firm, (iii) offering discounts, concessions, commissions and related fees in connection with underwritten public offerings of securities, (iv) margin interest and operational fees and charges, (v) IRA fees, (vi) any redemption fees, exchange fees or similar fees imposed in connection with mutual fund transactions, and (vii) a proportionate share of any mutual or money market funds’ internal expenses, including advisory fees paid to the funds’ investment advisors. All assets are held through a WEG account, which is held in custody with TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC, 4211 South 102<sup>nd</sup> St., Omaha, NE 68127 (the “Custodian”).

The standard “assets under management” fee schedule is as follows:

<b>Assets Under Management</b>	<b>WEG Fee</b>	<b>Representative Recommended Fee</b>	<b>Total Annual Fee</b>
\$25,000 - \$249,999.99	1.25%	1.25%	2.50%
\$250,000 - \$999,999.99	1.15%	1.00%	2.15%
\$1,000,000+	1.00%	.85%	1.85%

Fees are negotiable depending on the relationship and size of the account. All fees are paid quarterly in advance. Fees will be prorated and the unearned portion returned upon written termination.

The Reps Choice Program may cost the client more or less than the client would pay if investment advice, brokerage and other services were purchased separately. Program clients should consider the value of these services when making comparisons. The combination of services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain portfolio managers may not be available to certain clients outside the Reps Choice relationship either because of minimum account sizes, fee schedules, geographic availability or other factors. Program clients should also consider the amount of anticipated trading activity when selecting among programs and assessing the overall cost. Fee-based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher compensation than if commissions were paid separately for each transaction.

The Investment Advisor Representative or advisory firm who recommends the Reps Choice Money Management Program receives compensation as a result of a client’s participation in the program. The amount of this compensation may be more than what the advisory representative would receive if the program client paid separately for investment advice, brokerage and other services. The Investment Advisor Representative or advisory firm may therefore have a financial incentive to recommend the program over other programs and services. WEG uses external portfolio managers and they receive between 1/3 and 1/2 of the WEG advisory fee.

### **OTHER FEES**

The annual fee rates indicated under each of the Reps Choice programs are all inclusive, wrapping both brokerage and advisory fees into one. However, the asset-based fee **does not** pay for any of the following: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iii) brokerage and execution costs associated with non-eligible assets held in your account or with securities and other property held outside of your managed account.

In addition, all fees paid to us for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expenses such as: 12b-1 fees, redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

A client may invest in a money market fund or mutual funds directly without incurring the fee charged for participation in the program. In addition, for certain accounts that hold a high percentage of investments in money market or mutual funds, other advisory programs may be available through WEG for lower advisory or other fees. Any non-sweep money market funds held in the account will be subject to program fees. Program clients will receive a prospectus for each money market and mutual fund purchased.

Certain ETFs pay advisory fees to their investment advisors, which reduces the net asset value of the fund. Some ETFs are organized as unit investment trusts and do not have an investment advisor. However, all ETFs do incur expenses related to their management and administration that are analogous to an investment advisor's management fee. These expenses affect the value of the investment.

## **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

WEG generally provides investment advice to individuals, pension and/or profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Requirements for opening an account vary depending on the program selected. The account manager may, at their discretion, accept accounts below the minimum required amount.

The minimum initial investment for each manager offered is:

### **Portfolio Manager**

### **Required Minimum**

QFA, LLC. - Enhanced Income ETF Portfolio	\$100,000
Van Hulzen Asset Management – Covered Call Strategy	\$500,000

# **PORTFOLIO MANAGER SELECTION AND EVALUATION**

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Portfolio managers are selected for the program based primarily on their model, risk management discipline, performance, and how the model fits with other models in the program. Additional reviews and considerations include legal and regulatory background checks, interviews and meetings with program managers, and inquiries to ensure compliance with regulatory standards. WEG reviews manager performance information annually.

WEG may provide information to the client regarding the retention or replacement of the portfolio manager if the manager changes its management style or the client's objectives change. WEG may replace managers in the program if the model is changed or WEG believes another manager would be more appropriate for the program.

Each client has the ability to change between the managers based upon the client's specific investment needs, risk tolerance and goals. The Investment Advisor Representative assists the clients in selecting appropriate managers based upon the specific needs of each client.

Neither WEG nor any Investment Advisor Representative associated with WEG assumes responsibility for the conduct of unaffiliated portfolio managers, including their performance, performance reporting, or compliance with laws or regulations. Neither WEG, nor any third party, independently verifies the performance information provided to determine its accuracy or compliance with presentation standards. Performance information may not be calculated on a uniform and consistent basis. Program clients are advised and should understand that (a) such manager's past performance is no guarantee of future results; (b) there are market and/or interest rate risk which may adversely affect any manager's objectives and strategies and could cause a loss in a client's account, and (c) any risk parameter or comparative index selections provided for accounts are guidelines only; there is no guarantee that they will be met or exceeded. Once funds are allocated to a manager, the manager will manage the funds solely in accordance with the model.

The portfolio manager option available under the program are unaffiliated Registered Investment Advisors.

## **FREQUENCY AND NATURE OF REVIEWS**

World Equity Group Investment Advisor Representatives review client accounts on an ongoing basis. Representatives also may conduct more thorough reviews annually or quarterly, depending on the program. WEG supervisory personnel conduct reviews to evaluate consistency of performance compared to the client's investment objectives. The Compliance Department additionally conducts reviews through an annual internal audit program.

## **REPORTS PROVIDED TO CLIENTS**

Clients receive a quarterly performance evaluation, a monthly activity summary statement, confirmation of all transactions as they occur, and a year-end tax summary. All reports are provided in writing. Additional reports may be provided depending on the program and at the request of the client. All account statements are sent to the client directly from the custodian.

# CLIENT CONTACT & INFORMATION

## PROVIDED TO PORTFOLIO MANAGERS

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If a client requests a consultation with one of the portfolio managers, the request has to be made to the Investment Advisor Representative. The Investment Advisor Representative will facilitate the contact with the manager and schedule either a teleconference or a meeting.

Client information provided to the portfolio managers includes the client's name, address, account registration status, and contact information. Updated information will be provided to the portfolio managers as needed and upon material changes.

## ADDITIONAL INFORMATION

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### RISKS ASSOCIATED WITH LEVERAGED AND/ OR INVERSE EXCHANGE TRADED FUNDS

Most leveraged Exchange Traded Funds (ETFs) seek to provide a multiple of the investment returns of a given index or benchmark on a daily basis. Due to the effects of compounding and possible correlation errors, leveraged ETFs may experience greater losses than one would ordinarily expect. Compounding can also cause a widening differential between the performances of an ETF and its underlying index or benchmark, so that returns over periods longer than one day can differ in amount and direction from the target return of the same period. Consequently, these ETFs may experience losses even in situations where the underlying index or benchmark has performed as hoped. Some specialized exchange-traded funds can be subject to additional market risks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. In a volatile market, compounding can result in leveraged longer-term returns that are less than two times the return of the unleveraged investment.

### INVESTMENT RISK

**All investment strategies involve risk.** There is no assurance that a positive return will be obtained in any managed investment account program. Neither WEG Investment Advisor Representatives nor portfolio managers guarantee the performance of the account, or promise any specific level of performance, or promise that investment decisions, strategies or overall management of the account will be successful. Any investment decisions portfolio managers may make are subject to various market, currency, economic, political, interest rate and business risks, will not necessarily be profitable, and are subject to investment risk, including possible loss of principal.

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