

## **AP Wealth Management, LLC**

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January 3, 2012

### **FORM ADV PART 2 BROCHURE**

**This brochure provides information about the qualifications and business practices of AP Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 706 364-4281. 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 AP Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for AP Wealth Management, LLC is 156417.**

**AP Wealth Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

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## Material Changes

Effective August 31, 2011 Rhett N Sinclair has resigned from AP Wealth Management LLC. Also, as of this date AP Wealth Management, LLC will no longer operate an Aiken, SC office.

As of September 1, 2011 the ownership of AP Wealth Management, LLC will be as follows:

Eugene Francis McManus	34%
John Parker Rhodes	33%
William Patrick Fair	33%

## Advisory Business

Form ADV Part 2A, Item 4

AP Wealth Management provides financial planning, investment management, and insurance services. The firm was formed effective January 1, 2011 and began operating under the new name on May 9, 2011. AP Wealth Management, LLC is owned as follows: Eugene F McManus – 34%, John Parker Rhodes – 33%, and William Patrick Fair – 33%.

AP Wealth Management provides financial planning services for high net worth individuals and families through our Lifetime Financial Solution process. We analyze all aspects of a client's financial situation and provide recommendations and solutions that enable our clients to meet their financial goals.

The firm provides investment advisory services for high net worth individuals, families, and also institutions such as charitable organizations, churches, schools, etc. We manage accounts on a discretionary basis utilizing open end mutual funds, closed end funds, exchange traded funds (ETFs), individual stocks and individual bonds, structured notes, and non-publicly traded REITS. These accounts are custodied at Charles Schwab Institutional.

The firm also utilizes Genworth Financial Wealth Management's investment platform to provide investment solutions for clients. These accounts are invested in open end mutual funds, ETFs, and individual stocks and bonds. These accounts are managed by the various strategists and advisers that are available on Genworth's platform.

We create a risk/reward profile for each client in order to construct or recommend portfolios that will be suitable for our clients. Clients may impose restrictions on investing in certain securities or types of securities.

The firm does not participate in wrap fee programs by providing portfolio management services.

The firm manages \$43,243,650 on a discretionary basis. This figure is as of 12/31/2011.

The firm also oversees a significant amount of assets via our relationship with LPL Financial, a broker dealer and a separate, unaffiliated entity from AP Wealth Management. We also advise on a significant amount of assets through our Lifetime Financial Solutions process.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

Financial Planning services are provided on a fee for engagement basis. The base fee is \$5000 and may be more depending on the complexity of the client's financial matters. After the initial 12 month engagement period, the annual ongoing engagement fee is one half of the initial engagement fee.

Investment advisory fees are based on assets under management. The fees are billed quarterly in advance. Fee schedule for discretionary accounts managed by AP Wealth Management:

First \$500,000	1.5%
Next \$500,000	1.45%
Next \$1,500,000	1.25%
Next \$2,500,000	1.00%
Above \$5,000,000	0.75%

Fee schedule for Genworth platform accounts:

First \$500,000	2.25%
Next \$500,000	2.10%
Next \$2,000,000	2.00%
Next \$2,000,000	1.90%
Above \$5,000,000	1.75%

These fee schedules are negotiable.

We deduct fees from clients' assets. Fees are billed and deducted quarterly. Fees for accounts managed by AP Wealth Management are billed for the upcoming calendar quarter based on the account value at the end of the most recent calendar quarter. Fees for accounts on the Genworth platform are billed for the upcoming calendar quarter based on the average account value of the prior quarter.

The calendar quarter in which an account is funded is billed in arrears based on the initial amount funded and prorated for the portion of the quarter in which the account was funded. Additional contributions to accounts are initially billed in this same manner.

Open end mutual funds, exchange traded funds, and closed end funds all have management and operational expenses which the client will bear. Some mutual fund purchases incur transaction charges of up to \$50 which the client will bear. Securities purchases will incur transaction charges up to \$30. Some accounts, particularly retirement accounts, may be charged annual custodial fees. AP Wealth Management, LLC does not participate in any of these fees.

Terminated accounts will have unearned fees rebated based on the following formula:  $\text{Number of days left in quarter} / 92 \text{ times Amount billed for the quarter}$ .

Although AP Wealth Management's primary means of compensation is derived from fee based asset management, we do have the ability to generate compensation for the sale of securities and other investment products such as variable annuities, including asset-based sales charges or service fees from the sale of mutual funds. This revenue is generated from our advisors being registered representatives of LPL Financial.

We also generate revenue from the sale of life insurance, long term care insurance and disability insurance.

The ability to receive compensation in different manners presents a conflict of interest and provides an incentive to recommend investment products based on compensation received, rather than on a client's needs. We address this conflict by clearly explaining the costs of our recommendations, explaining the costs of alternative recommendations, and taking our fiduciary responsibility to act in the client's best interest very seriously.

Clients have the option to purchase investment products that the firm recommends through other brokers or agents that are not affiliated with AP Wealth Management, LLC.

Approximately 25% of the firm's revenue from advisory clients results from commissions and other compensation for the sale of investment and insurance products recommended to our clients, including asset-based distribution fees from the sale of mutual funds.

Clients may bear the cost of commissions or markups for the purchase of certain securities. AP Wealth Management does not reduce our advisory fees to offset commissions or markups, nor do we receive any revenue from these charges in fee based accounts.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

AP Wealth Management does not accept performance-based fees.

### ***Types of Clients***

Form ADV Part 2A, Item 7

The firm primarily provides financial planning and investment advice to high net worth individuals and families. The minimum investment relationship is \$1,000,000 in assets. Exceptions to this minimum may be made on a case by case basis.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

We use an asset allocation approach to investing. We categorize investments in four categories: relative return, Attain, opportunistic and Protect. We match a client's risk profile with the allocation among the categories. For example, a very conservative client will have most of their investments in the protect category. An aggressive client would have most of their assets invested in the strategic and relative return categories.

We use open end mutual funds, exchange traded funds, closed end funds, individual equities and individual fixed income securities to implement our strategies. There is risk of loss to the client, up to the full amount of the investment, in any of these types of investments. None of these investments is FDIC insured or guaranteed in any manner. There are no guarantees that investment objectives will be met.

AP Wealth Management recommends a number of types of securities, but open end mutual funds make up the majority of our holdings. These funds are invested in stocks, bonds and other types of securities. They use varying strategies to attempt to meet their objectives. The investor is subject to risk of loss of all of their capital in any of these investments; whether due to market-related losses or fraud committed by the investment companies. Accounts are protected by the SIPC to mitigate losses due to fraud or theft.

## Disciplinary Information

Form ADV Part 2A, Item 9

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

None

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

None

3. was found to have been involved in a violation of an investment-related statute or regulation; or

None

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

None

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

None

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

None

(b) barring or suspending your firm's or a management person's association with an investment-related business;

None

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

None

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

None

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

None

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

None

No one associated with AP Wealth Management has been subject to any of the disciplinary matters mentioned above.



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

Form ADV Part 2A, Item 10

John Parker Rhodes, and William Patrick Fair are each registered representatives of LPL Financial. Eugene F McManus is in the process of becoming a registered representative of LPL Financial.

No one associated with AP Wealth Management is registered as a futures commission merchant, commodity pool operator, commodity trading advisor nor is associated with any of the foregoing entities.

All three principals of AP Wealth Management, LLC are registered representatives of LPL Financial. This allows for the receipt of compensation for the sale of securities and other investment products such as variable annuities, including asset-based sales charges or service fees from the sale of mutual funds. We address this conflict of interest by clearly explaining the costs of our recommendations, explaining the costs of alternative recommendations, and taking our fiduciary responsibility to act in the client's best interests very seriously.

Eugene F McManus and William P Fair are licensed to sell life, long term care, and disability insurance as well as fixed and indexed annuities. We generate compensation from the sale of these products.

We select other investment advisers for clients, specifically those available through Genworth Financial Wealth Management's platform. We do not receive any compensation from these advisers, either directly or indirectly.

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

Form ADV Part 2A, Item 11

The firm has a code of ethics that centers on our role as a fiduciary for our clients. We will disclose fully any conflicts we might have with clients, we will seek the best execution for client market transactions, and we will have a reasonable basis for all recommendations made to clients. We have policies and procedures to help ensure that we do not act in a manner contrary to our clients' best interests. The code of ethics is available upon request.

We do not engage in the practice of recommending, or buying or selling for client accounts, securities in which we or a related person has a material financial interest.

The advisors at AP Wealth Management may take positions in their own accounts in securities that are the same as, similar to, or the opposite of those that may be recommended to our advisory clients, due to personal similarities or differences in investment goals and risk tolerances. Our positions are of a modest scale and in securities that are widely traded, such that any insider information we may glean from clients would have no effect on the market prices for his or her own investments. If we believe there is any risk that our own investment interests may be deemed to create a possible conflict with the impartiality of the advice and recommendations that we give to clients, we will divulge information on those investment positions to any affected client.

The advisors at AP Wealth Management will not purchase securities for their own accounts within 3 business days prior to buying or selling the same securities in client accounts. This prevents us from buying a security ahead of a client and then investing client money in the same security in the hopes of increasing the price of the security for our benefit.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

AP Wealth Management does not receive research or other products or services from a broker-dealer or third party in connection with, or in exchange for, client securities transactions. As part of our relationship with LPL Financial, the advisers at AP Wealth Management do have access to research reports and tools provided by LPL.

The firm does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services from a broker-dealer or third party.

AP Wealth Management does not receive research or other products or services in exchange for recommending a broker-dealer.

AP Wealth Management does not accept soft dollar benefits.

Neither AP Wealth Management, nor any related persons, acquired any products or services in the last fiscal year with client brokerage commissions (or markups or markdowns).

The firm did not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

AP Wealth Management does not receive client referrals from a broker-dealer or third party in exchange for selecting or recommending a broker-dealer or third party.

The firm did not direct client transactions to a particular broker-dealer in the past year in exchange for client referrals.

We do not recommend, request, or require clients to direct us to execute transactions through a specified broker-dealer.

We do not permit clients to direct brokerage.

When purchasing individual securities for multiple accounts, we will attempt to aggregate the order. This will help limit the price differential from one client to another. Aggregation generally does not reduce the transaction costs for the client.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

Accounts are reviewed on at least on a quarterly basis by John Parker Rhodes (chief investment officer), William Patrick Fair (chief compliance officer), or Eugene Francis McManus (managing member). Accounts are reviewed for performance against appropriate benchmarks, for appropriate allocation based on the client's risk/reward profile and for any changes in the strategies or management of the holdings selected for the account.

Accounts will be reviewed at a client's specific request, especially if there has been a significant change in the investment environment or the client's personal circumstances.

Quarterly snapshot reports produced by Morningstar Office software are provided. These reports illustrate the allocation of the account and performance history. Monthly statements are provided to the client by the custodian.

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

Form ADV Part 2A, Item 14

AP Wealth Management receives no economic benefit from non-clients for providing investment advice or other advisory services to our clients.

AP Wealth Management does not directly or indirectly compensate any person who is not supervised by AP Wealth Management for client referrals.

### ***Custody***

Form ADV Part 2A, Item 15

AP Wealth Management, LLC does not have custody of client funds or securities.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

AP Wealth Management accepts discretionary authority to manage securities accounts on behalf of clients. Clients may provide us with a list of securities or industries to exclude from purchase. This authority to manage securities accounts on a discretionary basis is granted on the Charles Schwab application upon account opening.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

We will accept authority to vote client securities. This authority is granted via the Charles Schwab new account application for the discretionary accounts we manage. John Rhodes and/or William Fair are responsible for voting client securities. We follow the ISS guidelines ([www.issgovernance.com](http://www.issgovernance.com)) when voting client securities and always vote in the client's best interest. If there is a potential conflict of interest in a vote, we will contact the affected client(s) and obtain their voting decision on the particular matter. We will keep a record of these instances. Clients may contact us prior to a voting deadline and direct our vote of their securities. Clients may contact us and we will immediately provide information regarding how a client's securities were voted. Our policies on proxy voting and/or a copy of the ISS guidelines are available upon request by calling us at 706 364-4281.

Some clients do not grant us authority to vote their securities. These clients will receive their proxies or other solicitations directly from the custodian or transfer agent. Clients are welcome to contact us at 706 364-4281 should they have questions regarding a particular solicitation.

### ***Financial Information***

Form ADV Part 2A, Item 18

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

We are not aware of any aspect of our financial condition that would be reasonably likely to impair our ability to meet contractual commitments to clients.

Neither the firm nor any of its principals has been the subject of a bankruptcy petition during the past ten years.