

**Part 2A of Form ADV: *Firm Brochure***

**Chessman Wealth Strategies, Inc.**

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April 29, 2013

This brochure provides information about the qualifications and business practices of Chessman Wealth Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (214) 572-2120 or [sean@chessmanwealth.com](mailto:sean@chessmanwealth.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.

Please note that the use of the term “registered investment adviser” and description of Chessman Wealth Strategies, Inc. and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements of our firms’ associates for more information on the qualifications of our firm and its employees.

Additional information about Chessman Wealth Strategies, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 155171.

## Item 2 Material Changes

This Firm Brochure, dated April 29, 2013, provides you with a summary of Chessman Wealth Strategies Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

**Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. If our firm has made revisions that would affect a client's decision making when doing business with us, we will provide our clients with either a summary of any materially revised information with an offer to deliver the fully revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

**Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated February 5, 2013:

Item 1-Cover Sheet – Our firm's address has been updated to 7557 Rambler Road, Suite 1010, Dallas, TX 75321

Item 4-Advisory Business – Has been enhanced to better explain our services.

Items 5- Fees and Compensation; 10 – Other Financial Industry Activities and Affiliations - Certain members of our firm now receive referral fees for referring clients to an unaffiliated Structured Settlement firm. In addition, we are no longer affiliated with PKS, a FINRA Member registered broker/dealer. As well, a negotiability clause has been added that may apply to some accounts.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss – has been enhanced to describe our analysis methods and investment strategies

Item 12 – Our brokerage services have been updated to reflect changes to our previous brokerage affiliations and soft dollar compensation arrangements.

Item 14 – Client Referrals and Compensation – our disclosures have been enhanced to discuss our referral arrangement with Woodbridge and our solicitor's arrangements.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please visit our website at [www.ChessmanWealth.com](http://www.ChessmanWealth.com), e-mail us at [sean@chessmanwealth.com](mailto:sean@chessmanwealth.com), telephone us at (214) 572-2120 or mail your request to the address below.

Chessman Wealth Strategies, Inc.

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## **Item 4    Advisory Business**

### ***Information about us:***

Chessman Wealth Strategies, Inc. (CWS) is an investment advisory firm registered with the SEC. Our principal place of business is located in Dallas, Texas. CWS was incorporated in the State of Texas in 2004. CWS is principally owned by:

Wade Chessman, CEO – owns 98% of the shares of our firm

Sean Phillips, CCO – owns 2% of the shares of our firm.

Chessman Wealth Strategies, Inc. offers clients a multi-disciplinary approach to addressing their financial, tax, estate and risk management planning needs. We do not specialize in any one type of service or focus on specific products. Our advisors tailor services to meet the individual needs of each client.

### ***We offer the following services to our clients:***

#### **Comprehensive Portfolio Management**

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals and tolerance for risk. Chessman Wealth creates a financial plan for all new clients. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Comprehensive Portfolio Management and Asset Management. We do not manage assets through our other services.

## **FINANCIAL PLANNING**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist our clients in achieving their financial goals and objectives.

We provide a variety of financial planning and consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients. Planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Corporate Structure, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning. CWS also offers financial planning specific to persons going through a divorce. Working with your attorneys, our financial planners will assist you in separating assets under the "collaborative law". Specific consulting services offered by Chessman Wealth Strategies, Inc. may include a referral to your accountant or attorney for development of tax or estate plans.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. We do not receive referral fees for these types of referrals.

For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, budgetary planning or any other specific topic. As well, we may provide specific consultation and administrative services regarding investment and financial concerns of the client.

Our consulting services are offered on a one-time, ongoing, or periodic basis. The following provides examples of some of these non-discretionary investment advisory services.

- **Investment Portfolio Analysis.** We provide you with investment advice on a non-discretionary basis. Communications would be done through mail, telephone or e-mail. We may provide investment advice regarding:
  - asset allocation
  - investment portfolio construction
  - investment selection
  - investment adviser retention
  - other services as agreed upon by both parties
- **Financial Counseling.** We can help you design personal financial goals and objectives. We can also make recommendations on how your current financial resources are allocated.
- **Review of Accounts.** We can perform an annual review of your account(s) and if necessary, recommend changes to your investments. We will also make recommendations for the implementation of proposed changes if needed.
- **Securities Research.** We can provide research and advice regarding specific securities, industries and/or markets.
- **Other Advisory Services Relating To Securities.** We offer other advisory services as described in the client agreement that you sign with us.

## **INDIVIDUAL PORTFOLIO MANAGEMENT AND ASSET MANAGEMENT**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously

mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances.

Chessman Wealth Strategies, Inc. will manage client's advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Our clients may choose to impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. We require our clients to provide a written request for any restrictions in their accounts.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding a wide array of securities, mutual funds, variable annuities, debt instruments and real estate investment trusts.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **THIRD PARTY MANAGERS PROGRAMS**

Chessman Wealth Strategies, Inc. also offers advisory management services to our clients. As part of this process, we meet with the client and provide the client with a financial plan. Subsequent to the financial plan we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account. We will advise the client if the manager will accept reasonable restrictions or not

It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients. As a client, you will receive separate documents from these third party managers regarding their services, a complete description of their programs, services, fees, payment structures and termination features in their separate disclosure brochures, investment advisory contracts, and account opening documents. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed upon with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account.

The client may also directly contact the third party money manager managing the account or sponsoring the program. Clients should refer to the asset manager's Firm Disclosure Brochure or other disclosure document for a full description of the services offered. Client meetings are available on a regular basis, or as designated in the contractual agreement with the client and our firm, to review the account.

As your management adviser, we will monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's Financial Plan, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. Alternately, we may determine that the selected registered investment adviser is not performing consistent with our expectations and select a new adviser and/or program sponsor without obtaining the client's prior consent. We will disclose the method of new manager selection in the client's contract. However, any move to a new registered investment advisor and/or program is solely at the discretion of the client.

#### **PARTICIPATION IN WRAP FEE PROGRAMS**

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

#### **AMOUNT OF MANAGED ASSETS**

Our firm provides you with the option of having your assets managed on a discretionary basis or by third party managers. As of January 14, 2013, we were actively managing \$102 million of clients' assets on a discretionary basis plus and overseeing \$2 million of clients' assets that were being managed by third party managers.

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

#### **FINANCIAL PLANNING AND CONSULTING FEES**

Chessman Wealth Strategies, Inc.' Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon



prior to entering into a contract with any client. We charge fixed and/or hourly fees for financial planning and consulting services.

Our fees are determined as follows:

- Hourly rates – usually ranging from \$300 to \$500 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. The client is billed quarterly, in advance for all plans.
- Collaborative Law Client Hourly rates – will pay fees ranging from \$150 to \$250 per hour plus an up-front retainer fee. Clients will not receive an estimated total hours summary, as consulting clients do. Collaborative Law Consulting clients will be billed quarterly in arrears for all services performed. The retainer will be credited as payment until the retainer has been credited in full. Client will then be billed hourly, as noted above.
- Fixed fees - CWS may accept Financial Planning fees that are calculated and charged on a fixed fee basis. These services will be determined by the complexity and scope of the plan. All clients will sign a written contract, accepting the fee and the terms of the financial plan preparation prior to the commencement of the plan. Fixed fees generally range from \$1,000 to \$25,000.
- Retainers – We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. Any unpaid balance is due upon completion of the plan.

All fee structures include preparation, analysis, meetings and phone calls with you, our time for meetings or phone calls with others (either with you or on your behalf). Our firm may waive or reduce the financial planning or consulting fee if we are also managing your assets or have other relationships with the client. As well, for certain clients, we may offer a courtesy discount based upon the circumstances of the plan. These options are at the discretion of the Advisor performing the services and are typically handled on a case-by-case basis.

The fee for the service as well as the time period covered are both noted in the financial planning agreement. The first year fee and annual review fee covers all normal and usual planning time and expenses. Additional planning may be required when unforeseen circumstances occur. These events can be covered on an hourly basis, if desired and the client agrees to the hourly fees.

In the event that you terminate your financial planning and/or consulting agreement, the balance of any unearned fees will be returned to you in a timely manner. We determine these returned fees on a

pro rata basis. If you terminate within five business days of entering into the agreement, we will provide a full refund.

### **INDIVIDUAL PORTFOLIO MANAGEMENT AND ASSET MANAGEMENT FEES**

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

(i) Comprehensive Portfolio Management:

<u>Assets under management</u>	<u>Annual Percentage of assets charge*:</u>
Less than \$1,000,000	1.80%
\$1,000,000 to \$2,500,000	1.50%
\$2,500,000 to \$5,000,000	1.30%
\$5,000,000 to \$10,000,000	1.00%
\$10,000,000 to \$15,000,000	0.60%
Greater than \$15,000,000	0.50%Our annual

\*Our firms' fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

(ii) Asset Management:

<u>Assets under management</u>	<u>Annual Percentage of assets charge*:</u>
Less than \$1,000,000	1.80%
\$1,000,000 to \$2,500,000	1.50%
\$2,500,000 to \$5,000,000	1.30%
\$5,000,000 to \$10,000,000	1.00%
\$10,000,000 to \$15,000,000	0.60%
Greater than \$15,000,000	0.50%

\*Our firms' fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

The management fee is assessed on a quarterly basis. We determine the dollar amount of the fee by multiplying one-fourth of the annual percentage fee by the market value of the assets held in the client's account on the last day of the previous quarter. The fees are adjusted for partial quarters. (We use 360 days in a year and 90 days in a quarter.) This prevents you from being charged a full quarter when you open (or close) an account during a quarter.

***Limited Negotiability of Advisory Fees:*** Although Chessman Wealth Strategies, Inc. has established the aforementioned fee schedule(s); we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement. When calculating fees, we pay careful attention and review them on a regular basis. However, the custodian holding your assets will not determine whether the fee was properly calculated. You are also responsible for confirming that the fee we submit to the custodian is accurate. We do not provide you with a billing notification. We rely on the fact that the fees deducted are reported on your custodial statements for your review.

Typically, the management fee is deducted directly from your accounts, but, in limited circumstances, we may bill clients directly for their fees. Clients who do not have direct debiting of fees will receive an invoice for their fee from our firm.

### **THIRD PARTY MANAGERS PROGRAM FEES**

Contractually, we are paid by the selected asset manager(s), based on a percentage of the client's assets under management with that manager. Accordingly, our fee typically depends on the size of the account and is included in the asset manager's annual management fee.

Chessman Wealth Strategies, Inc. does not control the fees or the billing arrangements of any selected asset manager. For a complete description of the fee arrangement including billing practices, minimum account requirements and account termination provisions, clients should review the independent investment adviser's Firm Brochure or other disclosure document.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement.

## **OTHER REVENUE**

Your Advisor may recommend that you purchase insurance products based on the financial plan or consultation provided.

Management personnel and other related persons of our firm are licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e. commissions, 12b-1 fees or other sales-related forms of compensation). This may present a conflict of interest to the extent that these individuals recommend that a client invest in a product which results in a commission being paid to the individuals. Clients are not under any obligation to engage our representatives when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

As well, individuals of our firm may recommend life settlements to our clients. Our representatives will receive additional commissions for the sale of life settlements. As noted above, clients are not under any obligation to engage our representatives when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While these individuals endeavor at all times to put the interest of the clients first as part of Chessman Wealth Strategies, Inc.' fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations.

In some instances, depending on the size of the transaction, advisory fees may be discounted in certain circumstances and at our discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

Additional information regarding the outside activities of our investment adviser representatives is located in Item 10 of this brochure and each investment adviser representative's separate Supplemental Brochure.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of **30** days written notice. Upon termination of any account,

any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Chessman Wealth Strategies, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Fees Billed in Advance or Arrears:*** Our advisory fees are charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each calendar quarter based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous quarter.
- *In arrears:* Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or

may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Chessman Wealth Strategies, Inc. does not charge performance-based fees to our clients.

## **Item 7 Types of Clients**

Chessman Wealth Strategies, Inc. provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals (such as trusts, collective trusts and endowments)
- Trusts and Estates
- Corporations or other businesses not listed above

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$500,000 for our comprehensive portfolio management or asset management service. Generally, this minimum account balance requirement is negotiable and under certain circumstances, we may waive our minimums depending on the client's circumstances and our relationship with the client.

- We do not charge a minimum fee of for written financial plans.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Trading.*** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.



**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time.
- We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.
- We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.
- We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.
- We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Risk of Loss.** Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Investment adviser representatives of Chessman Wealth Strategies, Inc. are also licensed insurance agents. These individuals may be insurance agents for one or more insurance agencies. In their separate capacities as insurance agents, they may transact insurance or insurance-related investment products on behalf of clients, for which they will receive separate, yet customary compensation.

In addition, investment advisers of our firm may receive separate and distinct payment for referring clients to Woodbridge Investments, doing business as Woodbridge Structured Funding LLC, an unaffiliated structured settlement firm that offers structured settlements. CWS has signed an agreement with Woodbridge Investments to pay advisers of our firm fees for referring clients. These fees are separate and distinct from our advisory business.

***As a client of Chessman Wealth Strategies, Inc., you are under no obligation to engage these individuals when considering the purchase or sale of insurance products or structured settlements.***

Chessman Wealth Strategies, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Chessman Wealth Strategies, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Chessman Wealth Strategies, Inc.' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-

public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [sean@chessmanwealth.com](mailto:sean@chessmanwealth.com), or by calling us at (214) 572-2120.

Chessman Wealth Strategies, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Chessman Wealth Strategies, Inc. may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met.

An agency cross transaction is a transaction where our firm acts as an investment adviser in relation to a transaction in which Chessman Wealth Strategies, Inc. OR any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm

complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or his/her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to termination.

## Item 12 Brokerage Practices

For discretionary clients, Chessman Wealth Strategies, Inc. requires these clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for these transactions. We seek best execution as whether the transaction represents the best qualitative execution. We take into consideration the full range of a Broker-Dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Our firm will seek competitive commission rates, but we may not necessarily obtain the lowest possible commission rates for account transactions. It is important to note that we do not have discretion to negotiate commission rates.

We generally process transactions for each client account independently and do not block trades. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. Rarely, we may decide to purchase or sell the same securities for several clients at approximately the same time. Our firm may (but is not obligated to) combine or "batch" orders for a variety of factors. Under this procedure, transactions' price will be averaged and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account, on any given day.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management. We do not manage assets through our other services. These clients must include any limitations on this discretionary authority in a written authority statement. All such amendments must be provided to us in writing.

Chessman Wealth Strategies, Inc. generally utilizes the brokerage services of TD Ameritrade and 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. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its

Clients, although Advisor 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 Advisor 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 Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor 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, Advisor endeavors at all times to put the interests of its clients first. clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Our firm may also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Black Diamond. TD Ameritrade provides the Additional Services to CWS in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

CWS's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to CWS, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for Chessman Wealth Advisor's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with CWS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, CWS may have an incentive to recommend to our clients

that the assets under management by CWS be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

Clients should note, while Chessman Wealth Strategies, Inc. has a reasonable belief that TD Ameritrade is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other Brokers. Not all advisers require clients to direct it to use a particular broker-dealer. Our non-wrap fee program clients may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Our firm does not direct brokerage for client referrals.

## **Item 13    Review of Accounts**

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

### **INDIVIDUAL PORTFOLIO MANAGEMENT AND ASSET MANAGEMENT SERVICES**



**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Wade Chessman, CEO or Sean Phillips, CCO

**REPORTS:** Clients receive monthly statements and confirmations of transactions from their broker-dealer or custodian. We do not provide additional reporting, unless otherwise contracted for by the client.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Chessman Wealth Strategies, Inc. will provide reviews as contracted for at the inception of the advisory relationship.

These accounts are reviewed by: Wade Chessman, CEO or Sean Phillips, CCO

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Chessman Wealth Strategies, Inc. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

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

As stated before, in Items 4 and 10 certain investment advisor representatives of our firm act as a solicitor for Woodbridge Investments, doing business as Woodbridge Structured Settlements, LLC (Woodbridge) and for doing so, receive an ongoing referral/solicitation fees for referring clients to Woodbridge. This fee is separate and distinct from any advisory fees that clients pay to CWS. This arrangement creates a conflict of interest to the extent that we are only paid if the client elects to utilize Woodbridge. We do not make referrals without being paid referral fees.

As well, we may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

We address this conflict of interest in the following ways:

1. We clearly disclose the existence of solicitation arrangements to existing and prospective clients in our disclosure documents, where applicable, so that our clients can assess the inherent conflicts of interest and make a fully informed investment decision;
2. We provide, where applicable, the following written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party investment adviser or another financial institution:
  - a. The name of the third-party investment adviser;
  - b. The nature of the relationship, including any affiliation, between us and the investment adviser;
  - c. A statement that we will be compensated for our solicitation services by the investment adviser; and
  - d. The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.

We observe all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar state laws and regulations, where applicable.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Third Party Managers: We may use third party managers (or wrap fee program sponsors) for some or all of your assets. Their terms and conditions are described in their firm disclosure documents and/or agreement(s). We will continue to provide you with services relative to the selection of these managers. We will also continue to monitor and review the account's performance against your investment objectives and advise you when changes are recommended.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive

responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Chessman Wealth Strategies, Inc. have no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Chessman Wealth Strategies, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.