

Form ADV Part 2A Disclosure Brochure

WrapManager, Inc.

703 Market Street, 18th Floor

San Francisco, CA 94103

415-541-7774

www.wrapmanager.com

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This brochure provides information about the qualifications and business practices of WrapManager, Inc. If you have any questions about the contents of this brochure, contact Valerie De Vol at (800) 541-7774 or vdevol@wrapmanager.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about WrapManager, Inc. is also available on the Internet at www.adviserinfo.sec.gov. You can view our Firm's information on this website by searching for our name or by searching for our Firm's CRD number, **108834**.

Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last annual update was filed in January 2013, we now sponsor a new wrap fee program available through brokerage accounts held at TD Ameritrade. Clients opening accounts through this new program will receive a separate Wrap Fee Program Brochure, but this Form ADV Part 2A Disclosure Brochure contains a summary of the new program. Full details are provided in the Wrap Fee Program Brochure.

We have also removed from our Disclosure Brochure our Recommendation of Third-Party Investment Advisors not available through Wells Fargo Programs service because we no longer refer clients to third-party advisory firms outside of the standard programs detailed in this Disclosure Brochure.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

WrapManager, Inc. (also referred to as “WrapManager”, “the Firm”, “us”, and “we” throughout this brochure) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). The Firm is organized as a Delaware Corporation and headquartered in San Francisco, California.

- We have been in business and registered as an investment advisor since May 26, 2000.
- The Firm’s sole owner is Gabriel F. Burczyk, President and Chief Executive Officer.

Description of Advisory Services

We specialize in building diversified portfolios of professional investment managers or models and monitoring them over time. WrapManager works with each client to shape a solution based on their unique investment goals. We help identify pre-screened, third-party investment advisory firms offering money management services. We will select investment strategies developed by one or more money managers or models based on our client’s personal information and investment goals. We offer several money manager platforms available through the Wells Fargo Consulting Services Group (“Wells Fargo Advisors”).

Although we are not affiliated (i.e. under common ownership or control) with any outside money manager, we have established relationships with numerous other investment advisors providing money manager services. We only refer clients to investment advisors with whom we have entered into an agreement or who are available on the Wells Fargo Advisors platforms. Selected money managers are responsible for providing asset management services directly to your account. When we solicit our clients to use a third party money manager or model, a portion of the fee paid by the client goes to WrapManager and a portion to the other investment advisor. When referring clients to a third-party advisor, it is our goal to make recommendations based on the client’s individual needs and with their best interest in mind.

In addition to developing strategies using portfolios developed by third-party money managers, we also provide investment management services whereby our Firm is directly responsible for recommending and implementing investment decisions or in which we implement model portfolios using third-party signal providers. Our investment management services are provided through the PIM (Private Investment Management) program sponsored by Wells Fargo Advisors.

Important Information Regarding the Management of your Accounts

You are always responsible for notifying us of any changes to your financial situation and/or investment objectives. We are always reasonably available to consult with you relative to the status of your account(s). Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise your accounts. A separate account is always maintained in your name with the broker-dealer/custodian and you always retain all rights of ownership to your accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

We manage and administer investments for other clients and may give other clients advice or take actions for other client or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security, strategy or other investment that we may buy, sell or recommend for other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we administer. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our Firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

The following sections contain information about each program available through WrapManager. Details regarding the fee arrangements for each program can be found at Item 5 – Fees and Compensation.

Please note that client accounts managed by our Firm must be established through Prospera Financial Services, Inc. (also referred to as "Prospera" in this brochure) as introducing broker/dealer and First Clearing, LLC as the clearing broker/dealer and qualified custodian. Wells Fargo is a diversified financial services firm which includes Wells Fargo Advisors. First Clearing Correspondent Services is a division of First Clearing, LLC. First Clearing, LLC is an affiliate of Wells Fargo & Company and a separately registered broker-dealer and member FINRA/SIPC. Details regarding our brokerage arrangements can be found at Item 12 of this brochure.

Programs offered by us that are sponsored by Wells Fargo Advisors or First Clearing include:

- Private Investment Management
- Allocation Advisors
- Masters
- Diversified Managed Allocations
- Wells Fargo Compass
- Private Advisor Network Investment Consulting Service

While you may be solicited to establish an account through any of the programs described in this document, not all programs offered are suitable for you. Therefore, your investment advisor representative must analyze your financial situation to recommend a program or service that is suitable for you.

Managed Programs Sponsored by Wells Fargo Advisors

PRIVATE INVESTMENT MANAGEMENT (PIM)

WrapManager participates in the Private Investment Management (PIM) program sponsored by Wells Fargo Advisors. PIM is a wrap-fee program so it does not bill transaction costs separately from the overall management fee. PIM allows the investment advisor representative to provide on-going supervision and management services. PIM is an Advisor Directed program. All client accounts through the PIM program must be established through First Clearing.

WrapManager may utilize the PIM program to implement trade signals provided by third-party signal providers. In these instances, the advisor maintains trading authority over the client account. Depending on the portfolio chosen for the client, we may rely on recommendations and trade signals from outside sources including but not limited to Wells Fargo Advisors. Accounts using Wells Fargo Advisors recommendations must be established through PIM. We make the final determination of transactions to

be processed for the client, timing and implementation. Transactions in PIM Program accounts will be processed by an associated person of WrapManager and then cleared through First Clearing LLC. In instances where we are following trade signals from a third party, there is no guarantee that we will achieve identical or similar investment results to the model portfolio. There may be a delay implementing trades in portfolios managed by us compared to those managed by the third parties themselves due to the timing of receipt of trade signals and our ability to implement the trades promptly upon receipt of the information.

Up to 120 transactions per calendar year are included in the wrap fee charged on PIM accounts. Per the agreement signed by the client, the client may be charged on a per-transaction basis for trades above the 120 included PIM trades.

The description provided in this section regarding the Wells Fargo Advisors sponsored programs we manage is intended to provide you with a brief summary of each program. You will be provided with a full description and disclosure document at the time you establish an account through the PIM program.

Third-Party Money Manager Programs – Separate Account Manager Programs Sponsored by Wells Fargo Advisors

ALLOCATION ADVISORS, MASTERS, DIVERSIFIED MANAGED ALLOCATIONS (DMA) AND WELLS FARGO COMPASS PROGRAMS, PRIVATE ADVISOR NETWORK INVESTMENT CONSULTING SERVICE (NETWORK)

WrapManager participates in separate account manager programs sponsored by Wells Fargo Advisors and First Clearing. Through these programs, WrapManager investment advisor representatives assist you in allocating your assets among one or more third-party money managers.

Currently, we participate in the following Wells Fargo Advisors sponsored wrap-fee programs:

- Allocation Advisors
- Masters
- Diversified Managed Allocations (DMA)
- Wells Fargo Compass

WrapManager also participates in the Private Advisor Network Investment Consulting Service (Network) platform, a program sponsored by First Clearing.

Under the Masters, DMA, and Network programs, investment advisor representatives assist you in determining and selecting third-party money managers who will be provided discretionary authority to select investment options to manage your assets. From time to time, WrapManager may also implement an account under the Network program as a courtesy to a client who requests a particular investment manager. The level of due diligence will vary in this case and advisor is not responsible for recommending the manager requested by the client.

In some cases when independent managers are selected by WrapManager to serve in a sub-advisor capacity while utilizing the Network program, we are given discretionary authority to implement securities transactions in your account(s). In many situations, the sub-advisor will also be provided discretionary trading authorization on the client's account. The decision to make changes in client accounts will be based on advice provided by the sub-advisor. When only WrapManager has trading authorization over

the client account, WrapManager is responsible for accepting or rejecting any advice and recommendations provided by a sub-advisor.

When we hire a sub-advisor, we rely on the sub-advisor for all or some of the following: development of model portfolios, expertise in certain strategies or disciplines, specific recommendations of securities, and general investment advice. In some situations, a sub-advisor may be used on a limited basis and in other situations a sub-advisor may perform more substantial services as well as tailor its advice to the needs and circumstances of the individual client. When WrapManager uses a sub-advisor to assist with the management of client accounts, we provide the client with a copy of the sub-advisor's Form ADV Part 2 Disclosure Brochure. Clients must grant the sub-advisor written discretionary trading authority over the client's account prior to the sub-advisor implementing any trades on behalf of the client.

Under the Allocation Advisors and Compass programs, the Wells Fargo Advisory Services Group will be provided discretionary authority as it serves as the third-party money manager.

Through the Masters and DMA programs investment advisor representatives may be provided discretionary authority to select and remove underlying third-party money managers. Under this type of arrangement, your investment advisor representative does not have to receive your authorization. However, it is our procedure to obtain your authorization to add or remove a money manager. When you do not grant discretionary authorization to select and remove third-party money managers, you must provide us and the custodian, i.e. First Clearing, with written instructions to add or change a money manager. In some cases Wells Fargo Advisors may remove a manager strategy from their approved list and choose a replacement manager for the affected accounts. In these instances, Wells Fargo Advisors per the program agreement is not required to obtain the client's signature to make the change. If WrapManager chooses to replace the removed manager with a strategy other than the Wells Fargo Advisors choice, you will be contacted for your approval and signature.

The description provided in this section regarding the Wells Fargo Advisors sponsored programs we manage is intended to provide you with a brief summary of each program. You will be provided with a full description and disclosure document at the time you establish an account through any of the programs. In addition, you will receive a copy of all third-party money managers' disclosure brochures who manage your assets. Only third-party money managers that are registered as investment advisors or are exempt from investment advisor registration will be recommended.

Information for ERISA Covered Retirement Plans

We are available to provide the services detailed above to companies that sponsor retirement plans (the "Plan"). We acknowledge that WrapManager is a covered service provided under the U.S. Department of Labor Rule 408(b)(2) when providing investment advisory services to Plans covered by the Employee Retirement Income Security Act of 1974 ("ERISA").

When working with a Plan to select one or more third-party money managers, please understand that our services are considered Fiduciary Consulting Services. Although we are not considered 3(38) Investment Managers as defined by ERISA section 3(38) when recommending and monitoring third-party money managers, we acknowledge that we are acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA. We will act in a manner consistent with the requirements of a fiduciary under ERISA for all services for which we considered a fiduciary under ERISA. However, we (a) have no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of the main retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the main retirement plan, or (iii) have any discretionary authority or discretionary responsibility in

the administration of the main retirement plan or the interpretation of Plan's retirement plan documents, (b) are not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of the retirement plan as defined in ERISA.

For some Plans, we may serve as ERISA 3(38) investment manager when providing Fiduciary Management Services for the portion of the plan assets for which we have been retained. Under this scenario, we are responsible for monitoring the investment options of the Plan in order to add or remove investment options for the Plan and actively manage all assets for participants enrolled in the Plan for the portion of Plan assets managed by our firm. Plans may have additional Plan assets held outside of the scope of our management services which are not taken into consideration nor monitored by us. As a result of our Fiduciary Management Services, we act as an Investment Manager to the Plan, as defined by ERISA section 3(38) and will acknowledge that we are a fiduciary with respect to the management of the Plan.

We will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to ERISA covered Plans any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

WrapManager Wrap Fee Program

In addition to the programs described above, we have also developed and sponsor our own WrapManager Wrap Fee Program (referred to as the "WM Program"). Only our investment advisor representatives are able to open accounts for clients through the WM Program. Therefore, participants in the WM Program must be advisory clients of WrapManager. All clients must execute a WrapManager Wrap Fee Program Client Agreement prior to establishing an account(s) through the WM Program.

Under the WM Program, we provide investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a customized and individualized investment program for clients. Various investment strategies are provided under the WM Program; however, a specific investment strategy is crafted to focus on the specific client's goals and objectives. Depending on the client's individual needs, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, and fixed income positions. Accounts may be managed by our portfolio managers (in some cases relying on third party investment advisory firms serving as signal

providers) or may be managed by third-party investment advisory firms serving as Separate Account Managers.

This section is intended as a brief summary of the WM Program. Clients contracting for the WM Program will receive the WrapManager Wrap Fee Program Brochure which provides detailed information regarding the WM Program.

Limits Advice to Certain Types of Investments.

For most of our clients, we do not make specific securities recommendations. Instead, we will select one or more money manager programs through which the third-party investment advisor will be responsible for determining the investments and securities held in the client's account. The following is a list of some of the general types of investments selected by a third-party investment advisor. When communicating with clients, we may therefore provide investment advice on the following:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests

When we are responsible for making all investment recommendations, we typically construct each client's account holdings using stocks, bonds and Exchange Traded Funds (ETF's), mutual funds and cash equivalents to build portfolios. Some portfolios may utilize mutual funds, ETFs or other securities that use leverage in an attempt to improve long term returns. Leveraged products are considered risky. Some portfolios may utilize inverse mutual funds, ETFs or other securities. Inverse ETFs and mutual funds are designed to replicate the opposite direction of an index, often at a multiple. These ETFs often use a combination of futures, swaps, short sales, and other derivatives to achieve these objectives. This increases the likelihood that client may lose substantial amounts of money up to and including the entire account value. Mutual funds and exchange traded funds (ETFs) are offered by prospectus only. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. We do not provide advice on options contracts on commodities, futures contracts on tangibles or intangibles.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Participation in Wrap Fee Programs

We offer investment services through wrap-fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning

the selection of other investment advisors) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure, WrapManager will receive a portion of the fee charged.

Tailor Advisory Services to Individual Needs of Clients

WrapManager's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to request certain restrictions on the accounts we manage for you, including specific investment selections and sectors. We work one-on-one with each client to determine the client's investment objectives and suitability information.

Client Assets Managed by WrapManager, Inc.

The amount of clients assets managed by WrapManager totaled \$324,282,930 as of December 31, 2013. \$189,778,753 is managed on a discretionary basis and \$134,504,177 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Our fee arrangements and bill procedures for programs sponsored by Wells Fargo Advisors must comply with the policies and procedures established by Wells Fargo Advisors. The following information is provided as a summary or brief explanation of our fee arrangements. You need to rely on the Wells Fargo Advisors disclosure documents and other information for complete details of each program. A copy of the applicable disclosure document will be provided to you at the time an account is established. In addition, you will receive a copy of the disclosure document for all third-party money managers selected to help manage your account assets. Only third-party money managers that are registered as investment advisors or are exempt from investment advisor registration are recommended to clients.

When fees are negotiable, the main factor is the client's assets under management, but other factors may include the client's level of service in other WrapManager programs and the complexity of the client's overall situation. Annual fees charged under these programs are billed quarterly in advance and are deducted directly from client accounts. Please refer to signed agreements to review the exact fee being charged on your account. Fees are deducted directly from your account(s). Therefore, you must provide First Clearing with written authorization to have fees deducted from your account(s) and paid to WrapManager. First Clearing will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee. Client's participating in these programs may incur certain charges imposed by third parties in addition to the Program fee. Such charges include but are not limited to charges imposed directly by an exchange traded fund that may be purchased for the account (e.g. fund advisory fees and other fund expenses), IRA fees, and required SEC transaction fees.

Allocation Advisors, Masters, Diversified Managed Allocations (DMA) and Wells Fargo Compass Program Fees

- The annualized fee charged under the Allocation Advisors program shall not exceed 2.0% with fees negotiable on accounts above \$5,000,000 with a portion of the management fee retained by Wells Fargo Advisors.
- The annualized fee charged under the Masters Program shall not exceed 2.0% with fees being negotiable on accounts above \$5,000,000. This fee includes a portion directed to the money manager selected in the client's account.

- The annualized fee charged under the Diversified Managed Allocations (DMA) Program shall not exceed 2.0% with fees being negotiable on accounts above \$5,000,000. This fee includes a portion directed to the money managers selected in the client's account.
- The annualized fee charged under the Wells Fargo Compass Advisory Program shall not exceed 2.0% with fees being negotiable on accounts above \$5,000,000 with a portion of the management fee retained by Wells Fargo Advisors.

Private Advisor Network Investment Consulting Service (Network) Platform Fees

The annualized fee charged under the Private Advisor Network typically ranges from 1.00% to 2.00% with fees being negotiable on accounts above \$5,000,000. Fees charged by money managers selected under the Network program are billed and collected separately from the annual fee retained by us. In some cases, WrapManager is listed as the Network manager and utilizes a sub-advisor, in these cases WrapManager will collect the sub-advisor portion of the fee and pay it directly to the sub-advisor for their investment management services.

Private Investment Management (PIM) Program Fees

Annual fees charged under this program are billed quarterly in advance and are deducted directly from your accounts. The maximum annual fee charged in PIM equity and fixed income accounts shall not exceed 2.00% annually with the fees being negotiable on accounts above \$5,000,000 with a portion of the management fee being retained by WrapManager. Depending on the arrangement, the fee may also include fees paid to a third-party signal provider. The PIM management fee includes up to 120 transactions per calendar year. The cost for additional transactions will be billed directly to your account according to your signed agreement.

WrapManager Wrap Fee Program

Management fees for client accounts are calculated and billed quarterly in advance based on the value of client account(s) at the end of the prior period. The annual management fee charged for Program may be negotiated with each client. The maximum fee charged in the program is 2.00%. WrapManager will provide the exact percentage based fee to each client based on both the nature and total dollar asset value of that account(s). The fee will be stated in the fee schedule which must be signed by both WrapManager and the client.

The WM Program management fee covers our advisory services and all trade execution fees charged by TD Ameritrade, the broker/dealer for WM Program accounts. Specifically, the fee will cover all commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within client accounts.

This section is intended as a brief summary of the WM Program. Clients contracting for the WM Program will receive the WrapManager Wrap Fee Program Brochure which provides detailed information regarding the WM Program.

Commission Accounts through Prospera Financial Services, Inc.

Our advisor representatives may sell securities in their separate capacities as registered representatives of Prospera. In addition, they may sell insurance products in their capacities as independent insurance agents for sales commissions.

If you decide to open a Prospera brokerage account, not through one of our advisory programs described above, you need to know that when administering non-advisory, straight commission-based accounts

through Prospera, our advisor representatives will receive normal and customary commissions. This will include a portion of 12b-1 fees, trailer fees, and loads from some investment companies. You should also be aware that these 12b-1 fees come from fund assets, and thus, indirectly from investor (including your) assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

In general, less than 5% of our advisor representatives' workweek is spent on commission-based securities activities. You are never obligated to use Prospera and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with WrapManager.

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

Item 6 is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

We generally provide investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required

WrapManager generally requires a minimum household size of \$500,000 to open an account. Exceptions to this minimum may be granted at the discretion of WrapManager. Independent managers selected by WrapManager or a client to manage a client's assets may impose higher minimum account levels. All clients are required to execute a formal written agreement prior to commencement of services.

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

Methods of Analysis

WrapManager looks to have 35-50 managers available to clients as investment options. Sometimes there will be more available and sometimes there will be less. It is our goal to have a diversified group of managers available, representing different asset classes and investments styles and philosophies.

To be included in this group of managers available, all managers must go through our initial due diligence checklist.

Managers are screened and selected using a number of criteria which may include:

- Manager or management team tenure and experience
- Performance relative to their peer group or benchmark
- Expenses and costs of the manager

Factors that determine the change of a portfolio manager may include:

- Performance
- Change of manager or management team
- The closing of the strategy to new investments
- Removal of portfolio from Wells Fargo Advisors platform

We will perform an annual review of the managers we are recommending and we may add or delete managers at that time.

Investment Strategies

WrapManager uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Trading. Investments sold within 30 days.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, ETFs, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Selection of Third Party Money Manager – When we are responsible for recommending the third-party investment advisors to manage your accounts, your investment with our Firm varies with the success and failure of our research, analysis and determination of which money manager programs to use. If selected money manager strategies do not produce expected returns, the value of your account will decrease.
- Management Risk – When we are responsible for selecting individual securities held in your account, your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If investment strategies do not produce the expected returns, the value of your account will decrease.
- Market Risk – The stock market as a whole may go down resulting in a decrease in the value of overall investments. This is also referred to as systemic risk.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

WrapManager is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment advisor or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

Relationship with Prospera Financial Services, Inc.

You have the option to work with our investment advisor representatives (but not WrapManager directly) in their separate capacities as registered representatives of Prospera to receive securities brokerage services under a commission arrangement. You are never obligated to open an account with Prospera

and can use any broker/dealer you like. However, if you would like to open an account with one of our advisor representatives, Prospera is required.

When opening a “non-advisory, non-fee based” account, brokerage commissions are charged by Prospera to effect securities transactions and, thereafter, a portion of these commissions will be paid by Prospera to our investment advisor representatives as registered representatives of Prospera. Prior to effecting any transactions, you are required to enter into a new account agreement with Prospera. The brokerage commissions charged by Prospera may be higher or lower than those charged by other broker/dealers. In addition, registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. Please also refer to Item 5 – Fees and Compensation for more information.

Depending on the type of Prospera account that could be used to implement an investment strategy, such compensation may include (but is not limited to) commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; administrative services fees for trust accounts; compensation for directing order flow; and bonuses, awards or other things of value offered by Prospera to its financial professionals.

Compensation received by our advisor representatives (in their separate capacity as registered representatives) and Prospera may be more or less depending on the product or service the advisor representative recommends. Therefore, our advisor representative may have a financial incentive to recommend that a solution be implemented using a certain product or services.

Independent Insurance Agents

Some of our investment advisor representatives are also licensed to provide insurance services to clients. Although clients are under no obligation to purchase insurance products recommended by WrapManager investment advisor representatives in their separate capacities as insurance agents, we are pleased to be able to offer such products when needs arise. When insurance products are purchased, commissions are paid to the investment advisor representatives in their separate capacities as insurance agents. Thus, insurance agents have a conflict of interest because of the economic incentive to sell policies that result in commissions or other sales revenue. To control for this conflict of interest and consistent with our Firm's fiduciary duty, our advisor rep-representatives strive to recommend insurance products to only those clients that need new or additional policies. For those investment advisor representatives who are insurance licensed, this activity varies throughout the year but is not a significant source of their revenue and they do not spend a significant amount of time on insurance activities. Commissions earned for selling insurance products are always separate from advisory fees retained by WrapManager. Insurance agents will generally only recommend insurance products of those companies which they have registered with as sales agents.

Third-Party Money Managers

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, WrapManager has formed relationships with independent, third-party money managers.

When we recommend a third party money manager, you need to know that our Firm will receive a portion of the fee charged to your account and the money manager will also receive a portion of the overall fee. We have a conflict of interest in that we will only recommend third party money managers with which we have entered into a formal arrangement and/or are available through the platforms we use. There may be other money managers that we do not work with that have lower fees and/or produce better

investment results. We may form a relationship with a money manager upon client request. In such instances we may rely on the client's due diligence of the money manager. The level of overall due diligence varies by money manager and product.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

WrapManager and its supervised persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. Rule 204A-1 under the Investment Advisers Act of 1940 requires all investment advisors to establish, maintain and enforce a Code of Ethics. WrapManager has established a Code of Ethics that will apply to all of its associated persons. An investment advisor is considered a fiduciary according to the Investment Advisers Act of 1940. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. WrapManager has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. WrapManager requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the WrapManager's Code of Ethics. WrapManager has the responsibility to make sure that the interests of all clients are placed ahead of WrapManager's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. WrapManager and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of WrapManager's Code of Ethics. However, if a client or a potential client wishes to review WrapManager's Code of Ethics in its entirety, a copy will be provided promptly upon request.

Affiliate and Employee Personal Securities Transactions Disclosure

WrapManager or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with our Firm must place the interests of our clients ahead of their own when implementing personal investments. WrapManager and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our Firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by WrapManager are widely held and publicly traded. In accordance with our Code of Ethics (summarized above) our personnel are required to report holdings and transactions of certain reportable securities to the Firm for review and monitoring.

Item 12 – Brokerage Practices

This section provides information about our brokerage practices in addition to the information detailed in *Item 5 – Fees and Compensation*.

Advisor Directed Brokerage Arrangement – Prospera Financial Services and First Clearing

Clients who establish a wrap fee account with WrapManager or implement investment advice from associated persons in their capacity as registered representatives must consent to utilizing Prospera as introducing broker/dealer and First Clearing for custody and clearing services. WrapManager is

independently owned and operated and not affiliated with either Prospera or First Clearing. Although we do not receive client referrals nor have we entered into any written soft-dollar agreements with Prospera and First Clearing, our requirement that clients use both Prospera and First Clearing is based on our determination to use the services of Prospera and First Clearing in order to administer and implement our advisory programs. Further, the relationship with both Prospera and First Clearing permits us to have access to the advisory programs sponsored by Wells Fargo Advisors (i.e. DMA, Masters, Compass). Not all investment advisors require the use of a particular broker/dealer arrangement or platform. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on our arrangement with Prospera, we require the use of Prospera and First Clearing when opening an account through our Firm's programs. Prospera has its own policies and procedures limiting or restricting the broker/dealer or custodial platforms permitted for use by for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

The primary factor in selecting Prospera and First Clearing is the quality of services and that their services are provided in a cost-effective manner. Best execution of client transactions is an obligation we take seriously and is a catalyst in the decision of selecting a broker/dealer. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/ dealer recommended by WrapManager must be efficient, seamless, and straight-forward. Prospera and First Clearing also make available other products and services that benefit our Firm and the third-party investment advisors we select to manage your assets, but may not directly benefit all client accounts. Some of these other products and services assist our Firm in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services will be used to service all or a substantial number of our managed accounts.

Prospera and First Clearing also make available other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. These services are not provided through "soft-dollar" agreements, but are provided as a result of our advisor representatives' affiliation as Prospera registered representatives. In addition, Prospera and First Clearing may make available, arrange and/or pay for these types of services rendered to WrapManager by independent third parties providing these services to WrapManager. While as a fiduciary, WrapManager endeavors to act in our clients' best interests, our requirement that clients maintain their assets in accounts at Prospera and First Clearing is based in part on the benefits we receive from some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Prospera and First Clearing, which may create a potential conflict of interest.

Block Trading Policy

Transactions implemented by WrapManager for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our Firm when WrapManager believes such action may prove advantageous to clients. When WrapManager aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better

execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price 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. When WrapManager determines to aggregate client orders for the purchase or sale of securities, including securities in which WrapManager may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, WrapManager does not receive any additional compensation or remuneration as a result of aggregation.

WrapManager Wrap Fee Program Accounts

Specific and exclusive to the WrapManager Wrap Fee Program ("WM Program"), accounts must be established directly through TD Ameritrade Institutional as a result of WrapManager's participation in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., a registered broker/dealer, member FINRA/SIPC/NFA ("TD Ameritrade"), and will serve as the client's qualified custodian and maintain physical custody of all client funds and securities held in the Program. You must designate WrapManager as your investment advisor on the accounts you'd like WrapManager to manage. WrapManager and selected Separate Account Managers will be granted limited power-of-attorney on the account to implement trades within the account.

TD Ameritrade is an independent and unaffiliated broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. There is no direct link between our participation in the program and the investment advice that we give to clients, although our recommendation (and in some cases requirement) to use TD Ameritrade is partially based on economic benefits received by WrapManager through our agreement with TD Ameritrade Institutional 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 WrapManager 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 WrapManager by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by WrapManager's related persons.

WrapManager receives some benefits from TD Ameritrade through our participation in the institutional advisor program. As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and therefore generally requires that clients use TD Ameritrade for custody and brokerage services. Some of the products and services made available by TD Ameritrade through TD Ameritrade Institutional may benefit WrapManager but may not benefit all Program accounts. These products or services may assist WrapManager in managing and administering Program accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help WrapManager manage and further develop its business enterprise. The benefits received by WrapManager or its personnel through participation in TD Ameritrade Institutional do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, WrapManager endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WrapManager or its related persons in and of itself

creates a potential conflict of interest and may indirectly influence WrapManager's choice of TD Ameritrade for custody and brokerage services.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Accounts or the underlying investments held in client accounts managed through the PIM program are reviewed no less often than quarterly. WrapManager representatives will be available to discuss the management and performance of the client's account and changes in the client's situation which may have an impact on the management of the client's account.

Client assets managed by an independent manager are expected to be reviewed and monitored by the selected independent manager. The frequency of reviews conducted by independent managers will vary from manager to manager. WrapManager's Investment Policy Committee will perform a quarterly review of the managers being actively recommended. For clients who have requested and hired a specific manager that is not on the WrapManager recommended list, the client is responsible for monitoring the manager and WrapManager will not perform due diligence but will be available to make their best effort to answer any questions the client has.

Standing members of our Investment Policy Committee include the following.

- Gabriel Burczyk, CEO, Chairman of Investment Policy Committee
- Seton McAndrews, CFP®, Vice President of Investments and Investment Policy Committee Member
- Chris Gordon, Research Associate

Statements and Reports

You will receive written account statements at least quarterly from First Clearing. You will also receive quarterly performance and/or position reports from First Clearing. You are encouraged to always compare performance and/or position reports provided the accounts statements delivered directly from First Clearing.

Item 14 – Client Referrals and Other Compensation

- WrapManager does not directly or indirectly compensate anybody for client referrals,
- In addition to the description of Other Compensation already described in Item 5 – Fees and Compensation, Item 10 – Other Financial Industry Activities and Affiliations, and Item 12 – Brokerage Practices, please review the following.

We may from time to time receive gifts, entertainment, expense reimbursement for travel and/or marketing expenses from (1) third-party investment advisors providing money manager services, (2) distributors of investment products and (3) insurance companies.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses.

Although receipt of gifts, entertainment, travel and marketing expense reimbursements are not predicated upon specific sales quotas, such benefits are typically provided by third-party investment advisors and product sponsors after we recommend their products to our clients or in anticipation of us recommending their products to clients.

Our receipt of such benefits creates a conflict of interest in that there is an incentive to recommend certain money manager programs, products and investments based on the receipt of this compensation. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, WrapManager does **not** have custody of client funds or securities. It should be noted that our Firm does have limited discretionary authority to transfer funds between a client's accounts with similar registrations held with a qualified custodian and may send funds to the client's address of record if requested by the client. However, regulators have provided guidance stating that transfers between accounts owned by the same client does not constitute custody.

Although the Firm does not have custody, WrapManager has established procedures to (1) ensure all client funds and securities are held at First Clearing, as qualified custodian, in a separate account for each client under that client's name; (2) each client or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained; and finally (3) account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

Clients should carefully review those statements and are urged to compare the statements against any reports received directly from WrapManager. When clients have questions about their account statements, they should contact WrapManager or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

- The selection of third-party investment advisors through our third-party money manager programs will generally not be removed or replaced by WrapManager without the consent of the client. However, once selected, third party investment advisors are permitted to manage accounts on a **discretionary** basis. Such authorization must be granted by the in the agreement for services. Discretionary authority allows the third-party advisor to have the authority to determine the type of securities and the amount of securities that can be bought or sold without obtaining your consent prior to each individual transaction.
- Upon receiving your written authorization in our agreement for services, we provide discretionary investment advisory services for accounts managed through the PIM program sponsored by Wells Fargo Advisors or through the Network program when WrapManager is listed as investment manager. When discretionary authority is granted, we will have the authority to

determine the type and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

- All clients have the ability to request reasonable restrictions on the types of investments that may be purchased in an account.

Item 17 – Voting Client Securities

WrapManager does not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, our Firm has determined that taking on the responsibility of voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm unless a third-party investment advisor selected to manage your account provides proxy voting services. In such cases, the third-party investment advisor will vote all proxies and you need to refer to the third-party investment advisor's disclosure brochure and proxy voting policies to understand how they decide to make voting decisions.

If there is not another third-party investment advisor voting proxies on your behalf, you will receive proxies directly from First Clearing or the transfer agent of the investment and such documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

Item 18 – Financial Information

This item is not applicable to this brochure. WrapManager does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, WrapManager has not been the subject of a bankruptcy petition at any time.

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