

## **Disclosure Brochure**

August 20, 2014

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This Disclosure Brochure provides information about the qualifications and business practices of SVA Plumb Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (608) 824-8800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

SVA Plumb Wealth Management, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information for you to determine if you should hire or retain an Adviser.

Additional information about SVA Plumb Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – Material Changes**

There have been no material changes to our Brochure (Form ADV Part 2A) since our last annual update dated August 23, 2013.

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#### ITEM 4 – Advisory Business

SVA Plumb Wealth Management, LLC (“SVAP WM”), is a Registered Investment Adviser with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, effective December 9, 2011. Registration of an Investment Adviser does not imply any level of skill or training.

On March 1, 2011, SVA Wealth Management, Inc. reorganized and changed its name to SVA Plumb Wealth Management, LLC. SVAP WM is the successor to SVA Wealth Management’s advisory business. SVA Wealth Management, Inc., the predecessor to SVA Plumb Wealth Management, LLC, was originally founded as SVA Planners, Inc. in 1987. In January 2007, it became SVA Wealth Management, Inc.

SVAP WM has a 100% non-voting equity interest in Wisconsin Capital Management, LLC (“WisCap”), an affiliated Adviser. SVAP WM is owned by SVA Plumb Financial, LLC. SVA Plumb Financial, LLC is owned by Diversified Services of Wisconsin, Inc., and TGP, Inc. Diversified Services of Wisconsin, Inc. is owned by numerous shareholders of SVA Certified Public Accountants, S.C. or an affiliated subsidiary, and TGP, Inc. is owned by Thomas G. Plumb.

SVAP WM provides asset management, financial planning and investment consulting services. Clients may receive any combination of these disclosed services.

#### INVESTMENT MANAGEMENT SERVICES

As a fee-only Adviser, SVAP WM evaluates a wide array of financial alternatives and recommends services designed to best meet client financial goals and objectives.

Generally, SVAP WM clients allow us full discretion to make investment decisions on their behalf within agreed-upon parameters, although we will consider a nondiscretionary arrangement under certain circumstances. SVAP WM services may apply only to assets directly managed by us, or in some cases may also include summary reporting and/or oversight of all investable assets of our clients, even if they are managed by other entities, including other investment advisers.

At the time of engagement, a representative of SVAP WM reviews each client’s financial assets, investment needs, tolerance for risk, and investment objectives. From this initial overview, SVAP WM’s representative and the client develop specific objectives and guidelines for SVAP WM to follow while managing the client’s portfolio. Clients may impose restrictions on certain assets or certain types of assets and those restrictions are duly noted during the investment process.

SVAP WM then exercises discretion to select the securities, amount of securities to buy or sell, and when to buy and sell them. The portfolios may consist of managed mutual funds, exchange-traded funds (ETFs), variable annuities, and individual securities including equities, options, and/or debt securities. Our Investment Committee is an in-house team of portfolio managers that constructs and monitors investment models. The investment models are

diversified across various investment vehicles, styles and strategies, and may consist of any combination of securities, including mutual funds, exchange-traded funds, individual equity and fixed income securities, and/or other investments. Based on the client's investment objectives, risk tolerance, investment time horizon, and restrictions, the SVAP WM representative may construct a customized investment portfolio, utilize one of the models constructed and managed by the Investment Committee, or implement any combination of the two aforementioned strategies. Clients receive information about their accounts from SVAP WM no less than quarterly, unless otherwise directed.

SVAP WM provides a historic client with an investment manager monitoring service, where the client's portfolio is managed by a separate investment management firm overseen by us. SVAP WM no longer offers this historic service to prospective clients.

SVAP WM does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices, or investment products.

#### COMPREHENSIVE FINANCIAL PLANNING SERVICES

SVAP WM also provides financial planning advice. Clients purchasing this service will receive a written financial plan designed to provide information to the client to help them achieve their stated financial goals and objectives. In general, the financial plan may address the following topics:

- Personal cash flow - income, outflows, and budgeting.
- Risk management - cash needs at death, income needs of surviving dependents, estate planning, disability income analysis and personal liability.
- Taxes - income tax considerations for past, current, and future years.
- Education funding - analysis and projections of future income needs to fund education expenses.
- Retirement - analysis of investment alternatives and their effect on a client's portfolio.
- Investments - analysis of risk tolerance and investment strategies and their effect on a client's portfolio.

Should a client choose to implement the recommendations contained in the plan, SVAP WM suggests the client work closely with his/her attorney, accountant, insurance agent and/or stock broker. SVAP WM's involvement in implementation of financial plan recommendations is entirely at the client's discretion.

#### LIMITED FINANCIAL PLANNING SERVICES

Clients can also receive financial planning and/or investment advice on a more limited basis. This may include advice on only an isolated area(s) of focus such as education funding, estate planning, retirement planning, or any other specific topic. SVAP WM also provides specific consultation and administrative services regarding investment and financial concerns of the client.

## NON-DISCRETIONARY INVESTMENT MANAGEMENT SERVICES

SVAP WM may occasionally provide investment advice, recommendations and non-discretionary asset management for some retirement plans and corporate clients who wish to retain management control and investment discretion on their investment accounts. All such services are negotiated on a case-by-case basis.

## ASSETS UNDER MANAGEMENT INFORMATION

As of June 30, 2014, SVAP WM had the following assets under management and total number of accounts:

	<u>U.S. Dollar Amount</u>	<u>Total Number of Accounts</u>
Discretionary:	\$1,515,563,295	3,519
Non-Discretionary:	\$20,193,935	16

## **ITEM 5 – Fees and Compensation**

SVAP WM may negotiate fee schedules based upon factors determined to be material. We may also negotiate the fee structure utilized, including agreeing to a fixed fee arrangement in limited circumstances. Since the inception of business, SVAP WM has had other fee schedules in effect which may provide for fees lower or higher, as the case may be, than those disclosed below. Therefore, some clients are paying higher or lower fees than those disclosed below. SVAP WM maintains investment, trade allocation and account valuation policies and procedures designed to address potential conflicts of interest related to the fact that different clients may pay different fee schedules. Assets of accounts which have a family or business relationship to each other may be aggregated for purposes of determining the percentage fee applicable to each account.

## FEES - INVESTMENT MANAGEMENT SERVICES

Fees are payable quarterly and may be payable in advance or in arrears, as dictated by the individual investment management agreement, and are subject to change at SVAP WM's discretion. Fees are based upon the total market value of assets under management on the last business day of each billing quarter (payable in arrears) or the last business day of each previous billing quarter (payable in advance) and based upon the following standard schedule:

<b>Assets under Management</b>	<b>Annual Fee*</b>
First \$1,000,000	1.00%
Next \$1,000,000	0.90%
Next \$2,000,000	0.80%
Next \$1,000,000	0.70%
Over \$5,000,000	0.60%

\*Subject to a minimum quarterly fee of \$500, or \$2,000 annually.

When clients place restrictions on certain assets, SVAP WM will ask for those restrictions to be put in writing and SVAP WM may charge a lower fee on those assets than those disclosed above.

In those instances where services are provided to a group of retirement plan participants on a negotiated flat-fee basis, the fee rate is applied to the aggregate value of all accounts as of December 31 of each year. Each participant is then responsible for paying a pro-rata share of the fee quarterly based upon account value. Clients should be aware that such a formula could result in large increases in fees due to fund withdrawals and participant departure.

#### FEES - SERVICES BY AFFILIATES

When clients also use the accounting services of SVA Certified Public Accountants, S.C., an accounting firm affiliate, and have SVAP WM pay for such services, annual asset-based fees for both management and accounting services will vary from the fee schedule shown above and generally range from 0.50% to 1.50% of the value of assets under management per annum. The fee is payable quarterly and fees are calculated and payable in advance or in arrears, depending on the terms of the investment advisory agreement, as described above. This combined service fee is negotiable and thus may vary from client to client.

The fees paid to SVAP WM and SVA Certified Public Accountants, S.C. are asset-based. From this asset-based fee, SVAP WM pays SVA Certified Public Accountants, S.C. an annual fee, which ranges from 0% to 100% for its services, depending upon the size of the account and the scope of services needed. A client may pay a higher or lower total annual fee than the client would have paid if billed separately for management and the accounting services relationship. The client(s) are also free to terminate the investment management services of SVAP WM and continue with the accounting services relationship of SVA Certified Public Accountants, S.C.

Clients should be aware that when the accounting services of SVA Certified Public Accountants, S.C. are recommended, SVAP WM and other individuals associated with SVAP WM do not evaluate similar accounting or other services which may be available to the client from other providers, nor does SVAP WM supervise, evaluate, or monitor those services on behalf of the client.

To the extent that accounting or trust services are provided by affiliates, SVAP WM will communicate financial or other information about the client directly to those affiliates to the extent that such information is available to SVAP WM. The affiliated service providers also may contact the client directly to obtain initial and follow-up information from the client. There is no restriction on the ability of any client to contact or consult with affiliates performing accounting or trustee services.

In the event that a client's portfolio includes shares of a mutual fund managed by WisCap (the Plumb Funds), it creates a conflict of interest for SVAP WM. The value of such shares of the Plumb Funds is not included in the fee calculation for services provided by SVAP WM. Those assets are subject only to the mutual funds' expenses and fees applicable to all shareholders in the Plumb Funds, as set forth in the Funds' Prospectus. However, the Plumb Funds pay

WisCap an advisory fee (considered a fund expense). Depending upon in which fund the account is invested, the fees may be more or less than the separate account advisory fee otherwise applicable to the account. For ERISA accounts, SVAP WM may recommend or purchase the Plumb Funds; however, no investment management fees will be paid based on the value of the account invested in the Plumb Funds in order to comply with the requirements of the Employee Retirement Income Security Act of 1974.

Clients have the option to purchase Plumb Funds through other brokers or agents not affiliated with SVAP WM or WisCap.

#### FEES - COMPREHENSIVE FINANCIAL PLANNING SERVICES

Fees for financial planning services and the preparation of a full financial plan are individually negotiated and subject to a minimum fee of \$1,500.

#### FEES – LIMITED FINANCIAL PLANNING SERVICES

From time to time, SVAP WM may furnish investment advice through consultations to persons who do not wish to receive a full comprehensive financial plan, but who desire to have SVAP WM consult with them regarding investment matters. SVAP WM charges an hourly fee of \$150 to \$250 per hour, with a \$1,500 minimum fee for an initial consultation and follow-up summary. SVAP WM reserves the right to waive this minimum fee on a case-by-case basis.

#### FEES – INVESTMENT CONSULTING SERVICES

Fees for such services generally follow the Investment Consulting Services fee schedule as dictated by the individual investment consulting agreement, although we may, in certain cases, negotiate a flat fee arrangement.

#### FEES - NON-DISCRETIONARY INVESTMENT MANAGEMENT SERVICES

Fees for such services generally follow the Investment Management Services fee schedule outlined above, although we may, in certain cases, negotiate a flat fee arrangement.

#### FEES RELATED TO CLASS ACTION PROCESSING

Clients of SVAP WM have the option to process class action notices themselves, or to utilize a third-party provider, recommended by SVAP WM, to handle their class action paperwork. If the client decides to utilize the third-party provider recommended by SVAP WM, the client may incur processing fees charged by the provider. SVAP WM is not affiliated with the third-party provider.

#### FEES - MISCELLANEOUS

Clients may elect to be billed directly for fees or to authorize SVAP WM to directly debit fees from client accounts.

Either the client or SVAP WM can terminate the Advisory Agreement upon written notice, as outlined within the Advisory Agreement. In the event of termination, for accounts in which fees



are paid in arrears, any fees due are calculated on a pro-rata basis from the end of the last completed quarter to the date of termination and are automatically deducted from the client's custodial account or billed to the client. In the event of termination, for accounts in which fees are payable in advance, all fees paid in advance but not earned are prorated to the date of termination and returned to the client. Termination of an advisory agreement by a client will not affect transactions that SVAP WM initiated on the client's behalf prior to the effective date of such termination.

All fees paid to SVAP WM are separate from the expenses charged by mutual fund companies (including exchange-traded funds) to shareholders of such fund shares. Mutual funds and exchange-traded funds also charge internal management fees, which may reduce the net asset value of fund shares. These expenses include advisory fees, which are deducted from the fund's reported performance. Depending on the fund and their share class offering, a client may be able to invest directly in a fund without incurring any sales or advisory fees. A complete explanation of expenses charged by the fund is contained in each fund prospectus. Such charges, fees and commissions are exclusive of and in addition to SVAP WM's fee, and SVAP WM shall not receive any portion of these commissions, fees, and costs.

SVAP WM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Item 12 further describes the factors that SVAP WM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## VALUATION PROCEDURES

SVAP WM uses pricing information provided by client custodians (SVAP WM's "Primary Pricing Source") for purposes of valuing client portfolios for investment performance and fee calculation purposes. In cases where the Primary Pricing Source does not provide a price for a security, SVAP WM will generally use a price provided by an outside pricing service ("Secondary Pricing Source").

In the rare instance where the Primary Pricing Source or Secondary Pricing Source is unable to obtain a price, where SVAP WM Wealth Managers or Consultants strongly believe the Primary Pricing Source or Secondary Pricing Source is not pricing a security fairly, or where a security has halted trading, SVAP WM's Valuation Committee will determine a fair value for the security based on the firm's knowledge of the security, current market conditions, and any other considerations deemed appropriate. No single factor or approach will be implemented by SVAP WM in every case of determining a fair value for a security as each individual case is unique in nature. SVAP WM's objective in determining a fair value price will be to determine a price SVAP WM believes it could reasonably receive upon a current sale.

## **ITEM 6 – Performance-Based Fees and Side-By-Side Management**

SVAP WM does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **ITEM 7 – Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, banking and/or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. SVAP WM's individual clients include retirement plan participants whose retirement plan assets are managed on either a group or an individual basis. SVAP WM will usually reject or terminate a client if substantial investment restrictions imposed by a client prevent implementation of a consistent, long-term investment program.

SVAP WM manages accounts for SVAP WM employees and families of employees. These accounts are considered client accounts, pay an investment management fee, trade along with other client accounts, and receive standard client reporting. SVAP WM maintains trading policies and procedures designed to address conflicts of interest associated with these accounts and ensure that all client accounts are treated fairly over time. Please see Item 12 for further disclosure of SVAP WM's trading practices.

## **ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

SVAP WM strives to provide solid long-term investment returns through a combination of capital appreciation and current income. Clients rely on SVAP WM to manage their assets and minimize portfolio volatility through market fluctuations.

In its selection process, SVAP WM seeks diversification through investment instrument diversification, as well as by asset class, geography, capitalization, and industry. SVAP WM asset allocations may be based on a proprietary methodology, including model portfolios recommended by our Investment Committee, and customized based on the client's investment restrictions and risk tolerance. SVAP WM works closely with clients to develop and tailor individual portfolios to the clients' financial objectives and risk profile.

Portfolios managed by SVAP WM may consist of managed mutual funds, index or exchange-traded funds (ETFs), individual equity and fixed income securities and mutual funds managed by WisCap, an affiliated Adviser, to diversify exposure to particular market segments when appropriate. The aforementioned securities serve as core holdings around which SVAP WM may add complementary assets, depending on client objectives.

The SVAP WM Wealth Consultant will design a portfolio suitable for the client based upon an understanding of the client's current circumstances. In determining suitability of the investments, guidelines or directives given by the client, questionnaires completed by the client, correspondence or other documentation provided to SVAP WM by the client are considered.

## INVESTMENT PROCESS

The SVAP WM Investment Committee meets routinely to research, develop and monitor the overall investment strategies and models implemented in client portfolios. The Investment Committee also monitors data to review the custodial and brokerage firms we recommend to our clients. In addition, the SVAP WM Portfolio Management Committee assists the Investment Committee in the implementation of recommended model changes and provides oversight of client household accounts, by regularly reviewing performance variances, asset class exposures, and risk tolerance parameters.

SVAP WM Wealth Consultants work closely with their clients to develop portfolios best suited to meet the clients' objectives and consult with clients through SVAP WM's investment process to form and maintain investment portfolios. Together, the client and Wealth Consultant define goals and objectives as well as determine the client's comfort with various levels of market volatility and asset quality.

Once the basic investment objective is determined, the Wealth Consultant will formalize it in an Investment Policy Statement (IPS). The Wealth Consultant then implements an individualized portfolio to fit that client's goals. The Wealth Consultant has the benefit of drawing upon the resources provided by the Investment Committee, including developed investment philosophies and a disciplined due diligence process, to select portfolio recommendations. The Wealth Consultant will continue to monitor the investments, in conjunction with the Portfolio Management Committee, and meet with clients to review the portfolio and to determine whether changes are necessary or advisable.

## INVESTMENT STRATEGY FOR MUTUAL FUND MODELS

Models are created to achieve diversification and constructed so individual components of the model will complement the overall model's objective. SVAP WM chooses funds from a wide assortment of funds available via the respective platforms maintained by the client's qualified custodian (for example, Charles Schwab Trust Company or institutional trading platforms). For many employer sponsored retirement plans, the investment options available to participants may be limited by choices previously made by your employer to determine which funds are offered for investment through the plan. Mutual fund and exchange-traded fund selection criteria generally include: consistency of performance vs. peer group; risk adjusted performance; consistency and longevity of management team; consistency of management style and avoidance of style drift; tax efficiency; and fund expenses. The mutual funds managed by SVAP WM's affiliated Adviser, WisCap, may be included in SVAP WM models when appropriate as a way of obtaining diversification and selecting cost-effective investments. Please see Item 10 for additional information regarding SVAP WM's affiliated Adviser, WisCap's role in managing the Plumb Funds.

SVAP WM uses various quantitative tools to research investment options. Members of the Investment Committee also monitor various academic and industry publications to identify trends and new products.

Subsequent to selecting mutual funds for inclusion in a model, SVAP WM performs ongoing due diligence of the selected funds with the objective of ensuring the funds selected remain the most appropriate to achieve the investment strategy, replacing such funds as necessary.

## INVESTMENT STRATEGIES FOR INDIVIDUAL SECURITIES

SVAP WM looks for growing companies and those that demonstrate a competitive advantage among industry peers that fall into predetermined investable themes. SVAP WM strives to purchase securities at reasonable prices with an emphasis on identifying market inefficiencies and a goal of outperforming over entire business cycles. SVAP WM believes analyzing and taking advantage of long-term investable themes, including organizations with sustained revenue and profit growth, produces an attractive risk-adjusted return for its clients.

SVAP WM seeks to invest in a diversified portfolio of companies that meet its investment criteria. SVAP WM uses a value-oriented investment strategy, seeking to identify companies whose stocks are trading at a discount to SVAP WM's estimates of the companies' underlying value. SVAP WM estimates price targets based on rigorous fundamental analysis that includes analysis of the firm's balance sheet, cash-flow and income statements, and beliefs about the competitive environment, product sustainability, market power, and the quality of firm's management. SVAP WM couples its fundamental work with an analysis of the structural trends faced by the industry at both a micro and macro level. This is because SVAP WM believes even the best companies are influenced by such trends. SVAP WM typically invests in the securities of US companies, but may also invest in foreign companies, usually through the purchase of American Depositary Receipts (ADR's) and foreign companies that are dual listed on US stock exchanges.

Depending on the client's investment objectives, risk tolerance, and market opportunities, SVAP WM supplements its equity investments with fixed income investments and other securities suitable for the client. Fixed income investments typically include investment grade bonds and government securities. In SVAP WM's experience, fixed income securities and other investments purchased with a similar research-focused approach can augment an investor's returns and reduce portfolio volatility. SVAP WM offers model portfolios that vary in the amount allocated to equities, fixed income investments, cash, and specialty or hybrid investments, and may consist of a diversified mix of individual securities, managed institutional mutual funds, and/or exchanges-traded funds. Investments in client accounts may include the following:

- Equities / stocks
- Fixed income / bonds
- Cash equivalents / money market funds
- Preferred stocks, convertible bonds, and convertible preferred stocks
- Real estate investment trusts (REITs), publicly traded master limited partnerships (MLPs), royalty trusts
- American depository receipts
- Index funds/ ETFs
- Managed mutual funds

- Mutual funds managed by WisCap, an affiliated Adviser
- Private placements, including hedge funds formed as partnerships or limited liability companies which invest in securities
- Options and warrants
- Variable annuities

As part of the client's asset management plan, SVAP WM strategizes to lessen the potential tax exposure through asset allocation and selection. Client's specific investments depend on such factors as the client's particular tax situation, risk tolerance, time horizon, and account size. SVAP WM generally seeks to purchase securities with a long-term investment horizon.

Our selection strategies for individual securities include:

Buy strategy indicators:

- Favorable market/economic conditions for industry
- Strong balance sheets with high cash flows which can be an indicator of a company's ability to self fund new projects
- Experienced and capable management team
- Market at discount to our proprietary estimates of value

Sell strategy indicators:

- Market value exceeds SVAP WM's price target
- Potential catalyst for recovery is no longer evident
- Deterioration of fundamentals not yet reflected in market price
- More compelling alternatives exist with better quality or larger discount to value

## RISK OF LOSS

SVAP WM's approach to asset management emphasizes global diversification to mitigate and manage risk. Diversification includes geographic concentration, investment style, capitalization of underlying investments, investment vehicle, as well as the maturity credit quality and geographic exposure to income funds. While all investments involve some risk, including loss of capital and purchasing power, SVAP WM endeavors to diversify not only asset classes and sectors, but philosophies and strategies as well, to broaden participation in advancing markets and reduce portfolio volatility.

Model due diligence generally encompasses fundamental, technical, quantitative and qualitative input. Each component of these research inputs have weaknesses and risks associated with them, outside of the risks posed by specific asset classes or sectors in general. By accentuating global diversification of assets and multi-faceted models, SVAP WM hopes to reduce risk in a manner that still produces positive returns over the long term.

From time to time, SVAP WM may invest in defensive positions or securities that are inconsistent with a portfolio's main investment strategy in an attempt to respond to adverse

market, economic, political, or other conditions in the macro environment. Variations in investment strategy may impact the portfolio's ability to achieve its stated investment objective.

SVAP WM's selected investments are subject to risks involved with investing that clients should be prepared to bear, including the possible loss of some or the entire principal amount invested. There is no guarantee that the investments will appreciate during the time that you hold them and some or all may depreciate in price. Past performance is not necessarily indicative of future results. The risks for each investment will vary depending on the investment objective and underlying investments of each mutual fund or ETF. There can be no assurance that SVAP WM will be successful in meeting its investment objective. SVAP WM's investments are also subject to the following additional risks:

*Market Risk.* The market value of a security may decline due to general market conditions that are not specifically related to a particular company, or because of factors that affect general economic conditions of the market as a whole.

*Individual Security Selection Risk.* Securities selected as portfolio investments for our clients may decline due to events unique to the individual security. Such events include, but are not limited to, changes in a company's business or credit outlook, its geographic exposure, events at competitor companies and changes in government policy or regulatory environment.

*Sector Risk.* Sector risk is the possibility that securities within the same industry will decline in price due to sector-specific market or economic developments. Government regulation or technological changes often influence specific industry characteristics and profitability. Although SVAP WM seeks to invest in a diversified portfolio of securities, it is often the case that the company finds numerous attractive investments within a particular industry sector. In such cases, SVAP WM may choose to overweight a particular sector, relative to the weightings in the S&P 500 Index. Such overweighting exposes the portfolios to risks specific to that industry that may not be correlated with the overall market.

*Foreign Securities.* Although SVAP WM invests primarily in securities priced in U.S. dollars and traded on U.S. exchanges or issued by U.S. mutual fund companies, it may from time to time invest in foreign securities. To the extent SVAP WM invests in foreign securities, such investments will be subject to special risks, including exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.

*Credit Risk.* The value of a client's investments in fixed income securities is dependent upon SVAP WM's analysis of a number of factors, including the underlying credit worthiness of the issuer. A reduction in the credit worthiness of the fixed income instrument's issuer or negative perception of the issuer's ability to pay may result in a reduced price of the security and greater risk of principal loss, and bankruptcy of the issuer may result in a total loss of principal.

## ITEM 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of SVAP WM or the integrity of SVAP WM's management. SVAP WM has no information applicable to this Item.

## ITEM 10 – Other Financial Industry Activities and Affiliations

SVAP WM is owned by SVA Plumb Financial, LLC. SVA Plumb Financial, LLC is owned by Diversified Services of Wisconsin, Inc., and TGP, Inc. Diversified Services of Wisconsin, Inc. is owned by numerous shareholders of SVA Certified Public Accountants, S.C. or an affiliated subsidiary, and TGP, Inc. is owned by Thomas G. Plumb.

SVAP WM has a number of affiliates, including:

- SVA Certified Public Accountants, S.C.
- SVA Consulting, LLC
- SVA Healthcare Services, LLC
- SVA MedCode Specialists, LLC
- SVA Financial Services, LLC
- SVA Technology Services, LLC
- SVA Staffing Solutions, LLC
- SVA Plumb Trust Company, LLC
- WisCap

On an individual basis and based on our good faith judgment of a client's specific needs, SVAP WM may recommend a client utilize an affiliate's services. Unless otherwise disclosed to the client, services provided by an affiliate are separate and distinct from the investment advisory services provided by SVAP WM. Fees for such services are generally separate and distinct from the advisory fee charged by SVAP WM, with the exception of the joint billing situations disclosed in Item 5 and other exceptions, which may be communicated to clients from time to time. In recommending an affiliate's services, SVAP WM experiences conflicts of interest as a client utilizing an affiliate's services based upon SVAP WM's recommendation will generate revenue for the affiliated subsidiary and, indirectly, benefit SVAP WM as an affiliate. Further, as an affiliate, SVAP WM's employees may receive referral fees from any or all of its affiliates related to SVAP WM clients who use affiliated services. This scenario results in additional conflicts, as SVAP WM's employees may have a direct financial incentive to refer clients to its affiliates.

Clients may be able to obtain comparable services from unaffiliated individuals and organizations at fees that may be higher or lower than the fees charged by SVAP WM's affiliate. No client is obligated to utilize SVAP WM's affiliates for any other services and clients can terminate their services with the affiliate at any time in accordance with their service agreement. Termination of the use of a SVAP WM affiliated provider will not, as a matter of practice, have an impact on the level of service SVAP WM provides its clients.

WisCap is the investment adviser to the Plumb Funds. SVAP WM may invest some or all of clients' accounts in the Plumb Funds. Because an affiliate earns investment advisory fees for its services to the Plumb Funds based upon the value of the funds it manages, a conflict of interest exists when SVAP WM affects such purchases for client accounts. SVAP WM does not charge clients directly any investment advisory fees for that portion of an account invested in the Plumb Funds. SVAP WM has an incentive to recommend the Plumb Funds for its client accounts in order to grow the Plumb Funds, thereby benefiting SVAP WM's affiliated adviser, WisCap, and indirectly benefiting SVAP WM as an affiliate of WisCap. SVAP WM recommends Plumb Funds to clients when it determines the investment is appropriate for the client's account. See specific disclosure for Plumb Fund shares purchased in ERISA accounts in Item 5 of this brochure.

Clients and prospective clients are encouraged to carefully consider the affiliations and conflicts of interest described above. Questions regarding the service of affiliates, the relationship between affiliates and the revenues earned may be directed to SVAP WM by calling (608) 824-8800.

#### **ITEM 11 – Code of Ethics**

SVAP WM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons (generally, SVAP WM employees and employees of SVA Certified Public Accountants, S.C. registered as Investment Adviser Representatives) at SVAP WM must acknowledge the terms of the Code of Ethics annually, or as amended.

SVAP WM's Code of Ethics governs its employees' personal securities trading activity. Employees are permitted to buy and sell securities SVAP WM also recommends to clients. The Code of Ethics is designed to provide reasonable assurance that the personal securities transactions, activities and interests of the employees of SVAP WM 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. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of SVAP WM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts or prohibits trading in close proximity to aggregate trade order (i.e. trades among two or more clients) trading activity. Please see Item 12 for an overview of SVAP WM's trade aggregation and allocation practices.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee personal trading is monitored by SVAP WM to address the conflicts arising from allowing its employees to invest in the same securities as clients.



SVAP WM may recommend to client and invest some or all of clients' accounts in the Plumb Funds, which are managed by an affiliate. Because an affiliate earns investment advisory fees for its services to the Plumb Funds based upon the value of the funds it manages, a conflict of interest exists when SVAP WM makes such purchases for client accounts. Refer to Item 10 for further details on conflicts arising related to the Plumb Funds and how they are addressed.

SVAP WM permits employees to invest in the Plumb Funds. This may create an incentive for SVAP WM to put the interests of these affiliated mutual funds ahead of other clients. However, the Code requires staff members to place clients' interests ahead of their own and to report personal transactions and holdings in mutual funds managed by SVAP WM or SVAP WM's affiliates in accordance with the reporting requirements described above.

Certain affiliated accounts, including mutual funds managed by WisCap, may trade in the same securities with client accounts on an aggregated basis when consistent with SVAP WM's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. SVAP WM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Please see Item 12 for an overview of SVAP WM's trade aggregation and allocation practices.

SVAP WM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Connie Redman, Chief Compliance Officer, at 608-824-8800.

When deemed appropriate or advisable by SVAP WM, client accounts, including registered mutual funds managed by SVAP WM's affiliate, may purchase from or sell to any other client account a security that is consistent with the account's investment objectives, policies, and limitations. The participating clients may both be clients of SVAP WM or one may be a client of WisCap (SVAP WM's affiliated adviser). Please see Item 12 for additional information, including potential conflicts involved, with these "cross trades".

## **ITEM 12 – Brokerage Practices**

The primary consideration in SVAP WM's selection of brokers and dealers is prompt and efficient execution of orders so that SVAP WM clients' total cost in each transaction is the most favorable and equitable under the circumstances. SVAP WM selects the broker-dealer to be used with the objective of negotiating a combination of the most favorable commission and the best price obtainable given the market conditions and the nature of the specific account. The specific factors considered in selecting a broker-dealer to effect client transactions include: SVAP WM knowledge of commission structure; broker-dealer knowledge of and dominance in specific markets, securities, and industries including investment idea generation; quality of execution including best price under the circumstances; the broker-dealer's ability to locate liquidity; the overall relationship of the broker-dealer with SVAP WM including responsiveness and dependability; whether or not the broker-dealer has acceptable record keeping, administrative and settlement functions; and research services provided by the broker-dealer (as described in further detail below).

When placing orders for securities traded in a negotiated market, particularly government bonds and over-the-counter stocks, SVAP WM may use the services of a broker (“introducing broker”) rather than the primary dealers (“market makers”) in the specific security. These introducing brokers process transaction orders from SVAP WM by buying or selling securities through market makers in the securities. The introducing brokerage firms receive a commission. Although SVAP WM has the ability to go directly to market makers for transaction executions and avoid the introducing broker-dealers’ commission, SVAP WM sometimes finds that use of introducing brokerage firms, particularly the broker associated with the client’s account, is a convenient means to obtain efficient executions for client accounts. It is generally SVAP WM’s practice not to place orders directly with a market maker when the size of the order is small, when clients have directed SVAP WM to use a particular broker-dealer, or when SVAP WM believes security delivery delays could occur by use of a particular market maker brokerage firm. Use of brokerage firms other than the market maker may not result in best price to clients on a trade-by-trade basis.

SVAP WM may recommend that clients establish brokerage accounts with Schwab Advisor Services (formerly called Schwab Institutional), Schwab Retirement Plan Services or Charles Schwab Trust Company, divisions of Charles Schwab & Company, Inc. (collectively referred hereinafter as “Schwab”) to maintain custody of clients’ assets and to effect trades for their accounts. SVAP WM is not affiliated with Schwab. Schwab provides SVAP WM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to registered investment advisers on an unsolicited basis, at no charge to them as long as a total of at least \$10 million of the adviser’s clients’ account assets are maintained in accounts at Schwab, and are not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab’s services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For SVAP WM client accounts maintained in its custody, Schwab generally does not charge separately for custody, but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available other products and services that benefit SVAP WM, but may not specifically benefit its clients’ accounts. Some of these other products and services assist SVAP WM in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of SVAP WM’s fees from client accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SVAP WM’s accounts, including accounts not maintained at Schwab.

Schwab also makes available other services intended to help SVAP WM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to SVAP WM by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SVAP WM. SVAP WM endeavors to act in its clients' best interests. SVAP WM recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to SVAPWM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. While SVAP WM encourages clients to consider the use of Schwab's services as we are able to manage an account at Schwab in an efficient manner, the decision of which custodian to choose rests with the client.

In addition to Schwab, in certain circumstances, we may recommend the account custody and transaction execution services of other firms, such as TD Ameritrade, Inc.; Fidelity Brokerage Services, LLC; Monumental Life Insurance Company/Transamerica Insurance Group; Johnson Bank; and Wells Fargo. These firms, and firms affiliated with them, carry client accounts on their records, process client transactions ordered by us, provide software and computer access to us for review of client positions, and may provide quotes or other data needed for the reports we prepare for clients. These services and products are provided to us at little or no cost. We believe that use of these firms is a convenient means of obtaining efficient transaction executions, account reference and reporting services for client account investment positions. However, receipt of such support services creates an inducement and conflict of interest for us since referring clients to any other firm may result in higher reporting and overhead costs. While we may recommend clients use these firms, the decision of which custodian to choose rests with the client.

SVAP WM participates in the institutional adviser 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 advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, SVAP WM participates in TD Ameritrade's institutional adviser program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between SVAP WM's participation in the program and the investment advice we give to our clients, although SVAP WM 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 SVAP WM 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 SVAP WM by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit SVAP WM but may not benefit its client accounts. These products or services may assist SVAP WM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SVAP WM manage and further develop its business enterprise. The benefits received by SVAP WM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. SVAP WM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SVAP WM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SVAP WM's choice of TD Ameritrade for custody and brokerage services.

SVAP WM considers a number of factors in selecting brokers and custodians at which to locate its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD Ameritrade Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, SVAP WM takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal."

The standard iRebal annual license fee applicable to Adviser is \$65,000.00. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$65,000.00 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If SVAP WM does not maintain the relevant level of taxable assets on the TD Ameritrade platform, SVAP WM may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although SVAP WM believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect SVAP WM's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

## SOFT DOLLAR PRACTICES

SVAP WM also considers the value of proprietary and third-party research services received in return for the client brokerage SVAP WM directs to various broker-dealers. This research is used by SVAP WM to manage its clients' accounts. SVAP WM may pay brokerage commissions ("soft dollars") in excess of the commissions another broker-dealer or trading platform may have charged for executing similar transactions without providing such research. Some of these research products and services might otherwise be available to SVAP WM for a cash payment. When SVAP WM receives research or other services through client commissions, it receives a benefit because it does not have to produce or pay for the research or services. Research services provided by broker-dealers may be used in servicing any or all SVAP WM clients and such research products or services may not necessarily be used by SVAP WM in connection with the accounts that paid commissions to the broker-dealer providing the products or services. SVAP WM does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. SVAP WM's Brokerage & Soft Dollar Committee (the "Committee") evaluates the price and quality of execution of SVAP WM trades, including the value of research products and services obtained by SVAP WM with client brokerage commissions. Research obtained includes sell side research (including access to broker-dealers' research analysts), access to company management, invitations to investment conferences, electronic research services, best execution evaluation services, and market data services. SVAP WM has an incentive to continue to use selected research broker-dealers to execute transactions so SVAP WM may continue to receive research products and services.

SVAP WM also uses its soft dollar research credits to pay for products and services relating to investment research. In addition to receiving research, SVAP WM utilizes a selection of services for comparison of client portfolio information to various indices and may analyze graphs and other data available to prepare for client meetings. Additionally, SVAP WM uses features of the research products and services to evaluate clients' relative exposure to geographic, style and capitalization strategies. Thus, SVAP WM makes a good faith allocation between the research and non-research portion of these "mixed-use" items and pays for the non-research portions with its own funds. SVAP WM determines the payment due by the percentage it uses the service. Because SVAP WM derives a benefit itself from its soft dollar arrangements in the use and optimization of research products, it has a conflict of interest in using soft dollar credits for the services because it may not have derived the benefit absent its relationships with its clients. In addition, the allocation process performed by SVAP WM in determining research and non-research use also creates a conflict of interest, as SVAP WM has an incentive to assign a greater percentage of the mixed-use item as a research service.

SVAP WM may from time to time receive the benefits from soft dollar services obtained via commissions generated by clients of WisCap (SVAP WM's affiliated investment adviser). Similarly, WisCap may receive certain benefits from soft dollar services obtained via commissions generated by SVAP WM clients. SVAP WM and WisCap essentially function in tandem, overseen by a single management team (who serve as employees of both entities), utilizing a joint oversight structure (including a single Brokerage and Soft Dollar Committee), and

operating under a joint compliance program. In addition, certain members of SVAP WM's investment management team service WisCap clients as well. As a practical matter, research services obtained are used to service clients of both entities. SVAP WM's Brokerage and Soft Dollar Committee routinely monitor its soft dollar arrangements.

To mitigate SVAP WM's soft dollar conflicts, SVAP WM maintains policies and procedures designed to ensure it selects brokers based on its fiduciary obligations, and not based on this conflict. The Committee also routinely reviews allocation of commissions to brokers and soft dollar matters including evaluating whether the value of soft dollar services received are reasonably equitable to the commissions paid.

At times, non-research services or benefits may be provided to SVAP WM by broker-dealers in consideration of a long-standing, effective relationship rather than in exchange for client commissions. SVAP WM's Brokerage and Soft Dollar Committee does not consider these services to be soft dollar services or benefits and does not factor the receipt of these services or benefits into its periodic evaluation of broker-dealers, including its allocation of commission dollars to the broker-dealer.

#### CLIENT DIRECTED BROKERAGE

Client-directed accounts ("Directed Accounts") are by their nature subordinate in the trade rotation to Free Accounts (those accounts where SVAP WM has full discretion to choose the broker-dealer to be used for execution of trades) and Schwab Accounts because Directed Accounts: (i) must have their trades directed to multiple brokers and trading desks by phone or web portal; (ii) generate benefits from commissions that accrue primarily to the particular Directed Account(s) and not to clients generally; and (iii) do not generate commissions which provide substantial research to support SVAP WM's investment research process. Further detail related to client account trade rotation is included below.

SVAP WM strives to get prompt and efficient execution of orders for clients who direct SVAP WM to execute securities transactions through a particular broker-dealer. However, by directing brokerage to a specific broker-dealer the client is essentially waiving SVAP WM's duty to obtain best execution because it limits SVAP WM's ability to block the client's orders with those of other clients to receive an average price for securities bought or sold or otherwise obtain best price and execution. When a client elects to direct its brokerage, the client may incur transaction costs and commissions that are higher, particularly if the client selects a full-service broker rather than a discount broker. The costs and commissions of a full-service brokerage account may be higher than other available brokerage arrangements, even after the brokerage firm's rates have been discounted.

#### AGGREGATION AND ALLOCATION OF TRADE ORDERS

SVAP WM may, when appropriate, aggregate trade orders and allocate trades among two or more clients. SVAP WM may be able to decrease brokerage and transaction costs to its clients through volume discounts and lower commissions that are not available to smaller volume transactions. Aggregating trades or "blocking orders" also permits SVAP WM to enter and exit

securities markets on behalf of clients in a more efficient and organized manner and attempt to obtain the best market pricing given the market conditions. SVAP WM generally blocks trades for SVAP WM client accounts with trades of its affiliated adviser, WisCap, subject to the practices outlined below.

In order to provide for the fair treatment of all clients while recognizing the need for flexibility, SVAP WM will strive to allocate investment opportunities among clients in a fair and equitable manner based on the characteristics and needs of the clients and the market conditions.

When a block order is filled (full or partial fill) at several prices through multiple trades, SVAP WM calculates an average price for all trades executed, and all participants in the block trade receive the average price. Only trades executed within the block on the single day are generally combined for purposes of calculating the average price. For each block trade, SVAP WM creates pre-allocation schedules of shares for each client account based upon the account value, target weight and current price. Once the aggregated trade is executed the shares are allocated in-line with the pre-allocation schedule.

SVAP WM generally allocates shares of partial fill equity trades to client accounts on a *pro-rata* basis based on the pre-allocation schedule. SVAP WM considers shares to be allocated pro rata if any difference from the exact proportion results from:

1. Rounding off the number of securities allocated to any client to the next higher or lower round-lot figure; or
2. Not allocating securities to one or more clients because:
  - a. The number of securities to be allocated is considered to be relatively small in relation to the ordinary size or volume of transactions for that client;
  - b. A trade in a particular security would, in the judgment of SVAP WM, be too small in relation to the size of the account to warrant an allocation; or
  - c. A trade in a particular security would result in unnecessary or unusual expense (including trade-away costs) to the client.

When trading fixed income securities in block orders, securities will be allocated to client accounts in accordance with the pre-allocation schedule when adequate volume is available. In the case where there is not enough volume to fill all fixed income client accounts participating in the block trade, SVAP WM allocates fixed income securities to client accounts based on need; specifically, those accounts with excess cash and those accounts whose current investment allocation is out of line with the account's desired strategy.

SVAP WM may apply common sense deviations to its standard allocation process, including the following circumstances:

1. Pro-rata allocation results in a de minimis number of shares;
2. Client account is charged per trade transaction fees by its custodian, creating undue costs by executing trades over several days;
3. Extreme market volatility;

4. Cash limitations or excess cash;
5. Client specific investment restrictions;
6. Client's tax status;
7. Client direction or requirement to raise cash in the account; and
8. Common sense and equitable adjustments.

### LIMITATIONS ON ABILITY TO AGGREGATE TRADES

Limitations on SVAP WM's ability to aggregate trades exist. SVAP WM and WisCap are not as readily able to include Directed Accounts or Restricted Accounts, and potentially some Free Accounts and Schwab Accounts, as defined below, in block trades. These accounts direct trades to a specific broker-dealer or otherwise may have economic or operational considerations that prevent SVAP WM and WisCap from freely selecting the executing broker-dealer or placing a trade within the account at the same time as the other accounts making up the block.

### CATEGORIZATION OF CLIENT ACCOUNTS

As SVAP WM and WisCap block client orders together, we included a description of both SVAP WM and WisCap's client account types below. The client accounts of SVAP WM and its affiliated companies, including WisCap, can be broadly categorized as:

*Free Accounts.* Free Accounts include SVA Plumb Trust Company or other trust company clients, institutional clients, and certain bank custody accounts. These accounts provide the most flexibility and opportunity for aggregation.

*Schwab Accounts.* A substantial number of the SVAP WM's clients maintain their accounts at Schwab. Schwab offers SVAP WM's clients attractive brokerage rates and professional execution and services but may charge additional fees when trades are executed by another broker-dealer. In most instances, it is in the best interest of an account held in custody with Schwab to aggregate trades with other Schwab Accounts and execute substantially all transactions through Schwab.

*Directed Accounts.* These are accounts in which SVAP WM generally determines it is in the best interest of the client to place trades through the broker-dealer affiliated with the client's custodian, or accounts of clients who have directed their brokerage to a specific broker-dealer. Directed Accounts have limited opportunities for aggregation.

*Restricted Accounts.* These are accounts that have unique economical or operational considerations that must be addressed prior to making a trade in that account. SVAP WM and WisCap strive to aggregate these accounts with their corresponding block (Schwab or Free), but often their circumstances do not allow for this. Accounts may be considered restricted for various reasons, including:

- The client has requested that SVAP WM provide them with notification as a courtesy prior to transacting a trade.



- An account may have special tax or cash flow situations which require specific consideration prior to transacting a trade.
- SVAP WM is required to provide instructions to the trustees of certain retirement client accounts to make trades in the retirement accounts. The trustee or plan administrator may have operational considerations included within its systems and processes which could delay the execution of these trades.

## GENERAL TRADING HIERARCHY

SVAP WM and WisCap generally maintain a trade rotation that treats Free Accounts and Schwab Accounts in parity, considering their respective account characteristics and commission structures, as well as the relative sizes of these blocks of accounts trading in the same security in the same time frame. SVAP WM and WisCap generally execute Free Accounts and Schwab Accounts in parity by aggregating trades in the same security into three blocks (a Free Account block, a SVAP WM Schwab Account block and a WisCap Schwab Account block) and then alternating the initiation of the block trades on the trading desk. Trades for Directed Accounts are subordinated in the trade rotation. Directed Account trades will be initiated on a random basis using a random order generator containing the names of the brokers through which the firm trades. Trades are placed for Restricted Accounts as soon as practically possible after the unique characteristic of that account has been considered or overcome.

## DEPARTURES FROM THE GENERAL TRADING HIERARCHY

SVAP WM's trading is authorized by the Investment Committee to depart from the General Trading Hierarchy when in the Trader's good-faith determination departing from the hierarchy will benefit one client without causing disadvantage to another client account. SVAP WM may deviate from the General Trading Hierarchy if market conditions warrant a deviation. For example, two members of the trading department may simultaneously enter trades for Free and Schwab accounts if the market is liquid and the effect or risk of "working against yourself" is low.

## RETIREMENT ACCOUNTS

SVAP WM clients maintain retirement accounts whereby the clients' routine contributions are invested by the plan administrator according to an asset allocation model as determined by SVAP WM. When SVAP WM makes the determination to change the allocation or the securities within the allocation, it provides notice to the plan sponsor or its agent of the amended investment allocation on a timely basis after determining the change. Due to operational considerations with the plan administrator, adjusting the securities within an allocation on a large scale can be time intensive and, in SVAP WM's experience, the plan administrator is unable to effect adjustments on a simultaneous basis for all SVAP WM clients. Additionally, it is SVAP WM's belief that the asset allocation, rather than the underlying securities, is most instrumental in driving long-term performance of retirement accounts; therefore, the timing of rebalancing the individual securities making up an allocation will not significantly affect performance from one retirement account to another over time.

## ANNUITY ACCOUNTS

SVAP WM includes annuities in client accounts where utilizing these instruments is deemed to be appropriate in achieving the clients' overall investment objectives. When SVAP WM determines it is in the best interests of its clients to change the amount, type, or underlying investment allocation of annuities within clients' accounts, SVAP WM provides instructions to change the allocation in all affected accounts at essentially the same time. The annuities used by these accounts are generally not included in the investment models used broadly by SVAP WM.

## INITIAL PUBLIC OFFERING AND PRIVATE PLACEMENT ALLOCATIONS

SVAP WM does not frequently invest its clients in initial public offerings ("IPOs") or private placement securities. To the extent SVAP WM does invest its clients in IPO or private placement securities, SVAP WM uses the following procedures when allocating securities sold in initial public offerings and private placements. SVAP WM considers a variety of factors, including the investment objective and risk posture of the client's account, cash available in an account, the current diversification in the client's portfolio, the number of IPO or private placement securities available to allocate, and whether available IPO or private placement securities would be a material position for a client's account.

When a broker-dealer selling securities in an IPO or private placement indicates that it will allocate securities only to client accounts which maintain custody at the broker-dealer, SVAP WM will allocate available securities to those client accounts maintained at the broker-dealer, once it has determined that the securities are appropriate for the account(s). The use by a client of one brokerage firm rather than another often results in a client obtaining an IPO or private placement allocation advantage over other accounts because of the client's relationship with the selling or underwriting broker-dealer.

A mutual fund or other substantial client account that generates commissions which result in an allocation of IPO or private placement securities from a broker-dealer should have the benefit of receiving those securities, taking precedence over other accounts where allocations of these securities is limited.

## CROSS TRANSACTIONS

SVAP WM may effect a purchase and sale transaction between two affiliated accounts (a "cross" trade) where it determines a cross trade is in the best interest of each participating client and no client is deemed to be disadvantaged by the transaction. The participating clients may both be clients of SVAP WM or one may be a client of WisCap (SVAP WM's affiliated adviser). If a broker-dealer is used to facilitate settlement, the client may incur a customary, nominal fee to be paid to the broker-dealer. SVAP WM applies an independent market price in each cross transaction, and does not receive any fee or other compensation, other than their advisory fees, for effecting a cross transaction. ERISA accounts managed by SVAP WM are generally not eligible to participate in cross transactions.

### **ITEM 13 – Review of Accounts**

All client records are electronic; transactions are subject to a routine review by Wealth Consultants.

It is important that you discuss any changes in your financial objectives, circumstances, or risk profile with your Wealth Consultant. Your designated Wealth Consultant reviews your accounts on a periodic basis, including holdings to determine that recommended transactions continue to be suitable based on general guidelines set up at the inception of the adviser-client relationship; written agreements; correspondence; or changes in life circumstances. Reviews are also performed at the client's request, when changes in the market or economic trends warrant it, after a client communicates a change in objective, and at the discretion of the Wealth Consultant.

In conjunction with your Wealth Consultant, the Portfolio Management Committee conducts reviews of client account objectives, performance variances, asset class exposures, and risk tolerance parameters on a continuous basis. Final decisions regarding investments in each account are left to the judgment of your Wealth Consultant.

Unless otherwise requested by the client, SVAP WM provides reports at least quarterly showing the securities held, the reported cost and current market value of the securities and detail describing the performance of the account. Clients using an affiliated Trust Company receive account statements no less than quarterly from the Trust Company, unless otherwise requested by the client.

### **ITEM 14 – Client Referrals and Other Compensation**

SVAP WM receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through SVAP WM's participation in Schwab Advisor Network<sup>®</sup> ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with SVAP WM. Schwab does not supervise Advisor and has no responsibility for SVAP WM's management of clients' portfolios or Advisor's other advice or services. SVAP WM pays Schwab fees to receive client referrals through the Service. SVAP WM's participation in the Service may raise potential conflicts of interest described below.

SVAP WM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by SVAP WM is a percentage of the fees the client owes to SVAP WM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. SVAP WM pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to SVAP WM quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by SVAP WM and not by the client. SVAP WM has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs SVAP WM charges clients with similar portfolios who were not referred through the Service.

SVAP WM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a onetime payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees SVAP WM generally would pay in a single year. Thus, SVAP WM will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of SVAP WM's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, SVAP WM will have incentives to encourage household members of clients referred through the program to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit SVAP WM's fees directly from the accounts. For accounts of SVAP WM's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from SVAP WM's clients in the form of commissions or other transaction related compensation on securities trades executed through Schwab.

Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus, SVAP WM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. SVAP WM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for SVAP WM's other clients. Thus, trades for accounts held in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

SVAP WM receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have clients' accounts maintained at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12, Brokerage Practices. The availability to SVAP WM of Schwab's products and services is not based on SVAP WM giving particular investment advice, such as buying particular securities for SVAP WM clients.

Employees of SVAP WM, affiliates of SVAP WM or employees of SVAP WM's affiliates, including some recognized as supervised persons subject to the Adviser's Code of Ethics, may receive compensation for referring client accounts to SVAP WM. This creates a conflict of interest as individuals may have a direct financial incentive to refer prospects to SVAP WM. Prospects are under no obligation to utilize SVAP WM for investment management services.

## **ITEM 15 – Custody**

SVAP WM maintains custody over client funds or securities by virtue of the fact that client assets are custodied at SVA Plumb Trust Company, LLC, an affiliate of SVAP WM, or to the

extent advisory fees are deducted from a client's account. As a result, client assets held by the Trust Company are verified via an annual surprise exam by an independent public accountant registered with the Public Company Accounting Oversight Board ("PCAOB"). In addition, SVAP WM annually obtains a written internal control report from the Trust Company prepared by an independent public accountant registered with PCAOB, stating: 1) the accountant's opinion as to whether controls in place at the Trust Company are suitably designed to meet control objectives related to custodial services; and 2) the accountant verified the funds and securities are reconciled by the Trust Company to a custodian other than the Trust Company (e.g., the Depository Trust Corporation).

In some instances, SVAP WM may be deemed to have custody of client assets due to access to client funds, or being able to access client accounts using client credentials on custodial or employer websites. If SVAP WM is deemed to have custody of client assets, SVAP WM will incorporate into the annual surprise audit the related accounts as required by the Adviser's Act.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SVAP WM encourages you to review these statements carefully. Your account information contained within SVAP WM statements is derived from sources deemed to be accurate, but its accuracy cannot be guaranteed as statements provided by your custodian represent the true record of your account holdings and activity. Performance information contained within SVAP WM statements is presented net of our management fees, and past performance shown is not indicative of future results. SVAP WM encourages you to compare information contained in its reports to reports provided by your custodian. Further, you should not rely on information contained within SVAP WM statements for tax or legal purposes; rather, it is recommended you rely upon information provided by your custodian for these purposes. Clients are encouraged to contact SVAP WM with any questions regarding their account statements.

#### **ITEM 16 - Investment Discretion**

Clients generally provide discretionary authority to SVAP WM via the Advisory Agreement to select the identity and amount of securities to be bought or sold and determine when the securities should be bought and sold.

When selecting securities and determining amounts, SVAP WM observes the investment policies, limitations and restrictions of the clients for which it advises.

As part of its internal policies and procedures, SVAP WM adopted a Trade Error Correction Policy to address a trade error that may occur in a client account. SVAP WM considers a trade error to be an unintentional mistake, such as purchasing instead of selling a security, purchasing (or selling) an incorrect amount of a security, or purchasing (or selling) a security contrary to an applicable client guideline. SVAP WM strives to correct all trade errors within a reasonable period of time following discovery of the error by reversing the original action that caused the error. SVAP WM shall not use commissions from other client accounts to correct trade errors.

It is SVAP WM's policy for clients to be made whole following a trade error. SVAP WM will pay as appropriate to make the client account whole, unless the executing broker's policy is to absorb de minimis (e.g., under \$100) losses. To the extent an executing broker independently determines to absorb a de minimis loss arising from a trade error caused by SVAP WM, the broker will not be compensated for the loss with brokerage business. If the trade error results in a gain, SVAP WM will strive to ensure proceeds of the error are donated to charity. These efforts could include: (1) requesting return of the gain from the executing broker and donating that gain to charity; or (2) obtaining assurances from the executing broker that the gain will be donated to charity.

Addressing trade errors presents a true conflict to all advisers, including SVAP WM, as advisers have a financial incentive to minimize a trade error resulting in a loss and to maximize a trade error resulting in a gain. To mitigate this conflict, SVAP WM maintains policies and procedures designed to provide reasonable assurance trade errors are properly addressed. In addition, SVAP WM routinely monitors trade errors.

#### **ITEM 17 – Voting Client Securities**

SVAP WM, as a matter of policy and practice, may have the authority to vote proxies on behalf of its advisory clients. The firm may offer assistance as to proxy matters upon a client's request. Currently, the firm does not vote proxies on behalf of retirement plans it may manage.

In instances where the client authorizes SVAP WM to vote its proxies, SVAP WM strives to vote all proxies in the best economic interests of its clients. The policies and procedures do not apply to those situations where the client has retained voting discretion. SVAP WM shall vote proxies for clients pursuant to the authority granted in the investment management agreement between SVAP WM and its client, or as granted by written direction from each client. SVAP WM's Proxy Review Committee is responsible for ensuring that proxies are voted in accordance with SVAP WM's policies.

In general, proxies will be voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, SVAP WM takes into consideration, among other things, management's assertions regarding the proxy proposal, SVAP WM's determination of how the proxy proposal will impact its clients and SVAP WM's determination of whether the proxy proposal will create dilution for shareholders.

Generally, it is SVAP WM's policy to vote in support of management's recommendations on proxy issues related to business operations matters since management's ability is a key factor SVAP WM considers in selecting equity securities for client portfolios. SVAP WM believes a company's management should generally have the latitude to make decisions related to the company's business operations. However, when SVAP WM believes the company's management is acting in a manner inconsistent with its clients' best interests, SVAP WM will vote against management's recommendations.

SVAP WM has a duty to recognize a material conflict and to resolve the conflict before voting the proxy. For purposes of proxy voting, material conflicts of interest are defined as those conflicts that, in the opinion of the Proxy Review Committee, a reasonable investor would view

as important in making a decision as to how to vote a proxy. Upon identification of a material conflict of interest relating to a specific proxy vote, the Proxy Review Committee will take one of any action deemed appropriate to ensure the proxy voting decision is based on the client's best interests and is not a result of the conflict, including:

1. Refer the proxy to a client or to a representative of the client for voting purposes;  
or
2. Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote.

The Proxy Review Committee has established base guidelines for voting proxies. The Proxy Review Committee reviews the firm's base guidelines on a periodic basis. From time to time, the Portfolio Manager or Wealth Consultant responsible to review a specific proxy proposal may desire to vote contrary to the firm's base guidelines. Under such circumstances the Portfolio Manager or Wealth Consultant will consult with the Proxy Review Committee, who will review relevant information and determine whether to deviate from the applicable base proxy voting guideline.

Clients may obtain a copy of SVAP WM's complete proxy voting policies and procedures upon request. Clients may also obtain information from SVAP WM regarding how it voted proxies on behalf of their account(s) by calling (608) 824-8800.

#### **ITEM 18 – Financial Information**

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures. SVAP WM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



## Exhibit A – Privacy Notice

### ***Our Promise to You***

As a client of SVAPF\*, you share both personal and financial information with us. Please read this notice carefully to understand what we do with your information, and know your privacy is important to us; we are dedicated to safeguarding your personal and financial information.

### ***Information Provided by Clients***

In the normal course of doing business and depending on the product or service you have with us, we may obtain non-public personal information about you. This information can include:

- Name, address, social security number, and date of birth;
- Information regarding securities transactions effected by us;
- Financial information such as net-worth, assets, income, bank account information, personal income tax information, and account balances;
- Information we receive from custodians with respect to your account(s); and
- Information received from service bureaus or other third parties.

### ***How We Manage and Protect Your Personal Information***

SVAPF shares personal information for our everyday business purposes, such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus. Also, we may share information with outside companies that perform administrative duties for us. However, our arrangements with these service providers require them to treat your information as confidential. Personal information, such as information about your transactions and experiences, is also shared with our affiliates<sup>1</sup> for everyday business purposes. SVAPF does not share your personal information about your creditworthiness with our affiliates.

SVAPF believes that our ability to provide information about services offered by us and our affiliates enables us to more effectively serve our customers. Therefore, with your prior authorization, SVAPF may send you marketing materials about us or any SVAPF affiliate. SVAPF does not share your personal information for non-affiliates to market to you.

In order to protect your personal information, we maintain physical, electronic, and procedural safeguards to protect your personal information.

### ***Client Notifications***

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. Thank you for allowing us to serve you. We value your business and are committed to protecting your privacy. We hope you view our firm as your most trusted adviser, and we will work to continue earning your trust. Please do not hesitate to contact us with questions about this notice.

\*For the purpose of this privacy notice, SVAPF refers to SVA Plumb Wealth Management, LLC and Wisconsin Capital Management, LLC.

<sup>1</sup>For the purpose of this privacy notice, affiliates of SVAPF are SVA Plumb Trust Company, LLC (South Dakota) and SVA Certified Public Accounts, S.C. and its related entities: SVA Consulting, LLC; SVA Financial Services, LLC; SVA Healthcare Services, LLC; and SVA MedCode Specialists, LLC.