

**Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure  
Item 1: Cover Page  
July 2014**

**Graeter Wealth Wrap Program**

**Sponsored By:**

**Graeter Wealth Advisors, LLC  
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Spencer Graeter  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Graeter Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (502) 625-1996 or email [spencer@graeterwealth.com](mailto:spencer@graeterwealth.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 Graeter Wealth Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Graeter Wealth Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Graeter Wealth Advisors, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

As of July 2014, our firm will now be registered with the State of Kentucky.

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## Item 4: Services, Fees & Compensation

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

### Our Wrap Advisory Services

#### Wrap Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Assets Under Management	Annual Percentage of Assets Charge
First \$250,000	2.15%
Next \$250,000	1.90%
Next \$500,000	1.65%
Next \$4,000,000	1.40%
Next \$5,000,000	1.15%
Over \$ 10,000,000	Negotiable

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees may be negotiable in certain circumstances. Fees will generally be automatically deducted from your managed account\*.

As part of this process, the client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;

- b) You provide authorization permitting us to be directly paid by these terms. We send an electronic request directly to the custodian indicating the amount of the fee to be paid from the client's managed account;
- c) It is the client responsibility to verify the calculation of advisory fees deducted from your account.
- d) We send a copy of our invoice to you, which includes a legend urging you to compare information provided in our statement with those from the qualified custodian.

\*In rare cases, we will agree to direct bill clients.

### **Wrap Comprehensive Portfolio Management:**

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

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
First \$250,000	2.30%
Next \$250,000	2.05%
Next \$500,000	1.80%
Next \$4,000,000	1.55%
Next \$5,000,000	1.30%
Over \$ 10,000,000	Negotiable

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees may be negotiable in certain circumstances. Fees will generally be automatically deducted from your managed account\*.

As part of this process, the client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms. We send an electronic request directly to the custodian indicating the amount of the fee to be paid from the client's managed account;
- c) It is the client responsibility to verify the calculation of advisory fees deducted from your account.

- d) We send a copy of our invoice to you, which includes a legend urging you to compare information provided in our statement with those from the qualified custodian.

\*In rare cases, we will agree to direct bill clients.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

We do not recommend or offer the wrap program services of other providers. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

### **Item 5: Account Requirements & Types of Clients**

We have the following types of clients:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- 401(k), 403b, 457, and defined contribution plans.
- Corporations, Limited Liability Companies and/or Other Business Types.

We do not have any requirements for opening and maintaining accounts or otherwise engaging us.

### **Item 6: Portfolio Manager Selection & Evaluation**

Our firm and its related persons act as portfolio manager(s) for this wrap fee program. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

### **Advisory Business**

We offer individualized investment advice to clients utilizing our Wrap Asset Portfolio Management and Wrap Comprehensive Portfolio Management services. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Wrap

Asset Management and Wrap Comprehensive Portfolio Management services. We do not manage assets through our other services. Please see Item 4 for information about our advisory wrap fee advisory program.

### **Participation in Wrap Fee Programs**

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Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

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

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We do not charge performance fees to our clients.

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

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Our firm will utilize several disciplines of analysis. On occasion we will use a technical analysis for forecasting the direction of prices through the study of past market data, primarily price and volume by examining what investors fear or think about those developments and whether or not investors have the wherewithal to back up their opinions as opposed to a fundamental analysis which examines earnings, dividends, new products, research and the like. Technical analysis is frequently contrasted with fundamental analysis and each has limitations because of assumptions about the market. We enlist a more rational approach by utilizing both types of analyses. In addition to these we may employ charting which plot the span between the high and low prices of a trading period. Some widen and fill the interval between the open and close prices to emphasize the open/close relationship. The risk of relying on charting would be similar to the weaknesses of the technical approach, where the price reflects the trend as opposed to fundamental which holds that economic factors influence the price. Studying recurring, preferably periodic, movements in prices or other time series or cyclical analysis may also be incorporated in our methods of analysis. Cyclical may too narrowly predict price without integrating relevant factors. We strive to avoid risks of any one method by incorporating several methods.

We use long term purchases (securities held at least one year), Short Term Purchases (Securities Sold Within a Year), Trading (Securities Sold Within 30 Days), as well as option writing, including covered options, uncovered options or spreading strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

### **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

## **Voting Client Securities**

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 7: Client Information Provided to Portfolio Manager(s)**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

### **Item 8: Client Contact With Portfolio Manager(S)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

### **Item 9: Additional Information**

We have determined that our firm and management have no disciplinary information to disclose. We have the following financial industry activities and affiliations to disclose.

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

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We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser'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. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our 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 our Code of Ethics. Our firm and 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 our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours of buying or selling for our clients. If however a trade needs to be placed, it will require approval by our Chief Compliance Officer. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

### **Review of Accounts**

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We review accounts on at least a quarterly basis for our clients subscribing to our Wrap Asset Portfolio Management and Wrap Comprehensive Portfolio Management services. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Asset Management and Wrap Comprehensive Portfolio Management services.

## **Client Referrals & Other Compensation**

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We receive 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 their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described under *Item 12 – Brokerage Practices* of the Form ADV Part 2A. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## **Financial Information**

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We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$500 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.

### **Item 10: Requirements for State-Registered Advisers**

We are State registered and have responded to this Item in Item 9.A.2 of this Part 2A Appendix 1 of Form ADV.