

## **Item 1 - Cover Page**

Wealth Enhancement Advisory Services, LLC  
505 North Highway 169, Suite 900  
Plymouth, MN 55441  
763-417-1700

[www.wealthenhancement.com](http://www.wealthenhancement.com)

Date of ADV Part 2A Disclosure Brochure: February 2015

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This Brochure provides information about the qualifications and business practices of Wealth Enhancement Advisory Services. If you have any questions about the contents of this Brochure, please contact us at 763-417-1700 or e-mail us at [info@wealthenhancement.com](mailto:info@wealthenhancement.com). 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.

Additional information about Wealth Enhancement Advisory Services is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view Wealth Enhancement Advisory Services' information on this website by searching for Wealth Enhancement Advisory Services. You may also search for information by using the firm's IARD/CRD number 116407.

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

## **Item 2 – Material Changes**

There have been no material changes to this Brochure since the last annual updating amendment with the SEC in March 2014. We will ensure that you receive a summary of material changes, if any, to this and subsequent Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. We will also offer a copy of the most current Brochure at the same time. We may also provide other ongoing disclosure information about material changes as necessary.

You can receive our most current Brochure at any time by contacting us by phone at 763-417-1700 or by e-mail at [info@wealthenhancement.com](mailto:info@wealthenhancement.com).

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## **Item 4 – Advisory Business**

Wealth Enhancement Advisory Services, LLC (also referred to as “WEAS”, the “firm”, “we” or “our” throughout this document), is an investment advisor registered with the United States Securities and Exchange Commission.

WEAS is a limited liability company formed under the laws of the state of Minnesota. WEAS has been registered since December 21, 2001. WEAS is a wholly owned subsidiary of Wealth Enhancement Group, LLC. (“WEG”). WEG is a wholly owned subsidiary of WEG Holdings, LLC (“WEGH”). WEGH private ownership interest includes key employees. Through various non-public intermediate subsidiaries, Wells Fargo & Company owns more than 25% and is the only publicly held entity with ownership interest in WEGH.

We offer personalized investment advisory services including financial planning and consulting, asset management, referrals to third-party money managers, and seminars.

### **General Description of Primary Advisory Services**

The following are brief descriptions of our primary services. A detailed description of our services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

### **Financial Planning**

WEAS offers advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management (i.e., Insurance), retirement planning, and other areas. The role of a financial planner and/or the WEAS Financial Advisor is to find ways to help the client understand their overall financial situation and help the client set and work toward their financial objectives.

### **Asset Management**

WEAS offers advisory services in the form of asset management services. Asset management services involve providing clients with ongoing supervision over client accounts. This means we will continuously monitor a client’s account and make trades in client accounts when necessary.

### **Use of Third-Party Money Managers**

WEAS offers advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continually monitoring client accounts and making trades in client accounts when necessary.

### **Investment Management Services**

Investment Management Services include:

- Quantitative, momentum, and fundamental analysis
- The selection of mutual fund portfolios
- The selection of exchange-traded fund portfolios
- The selection of equities and fixed income investments
- The recommendation of asset allocations consisting of equities, fixed income, options, mutual funds, and other general securities

- Focus on long-term and short-term investment strategies

Investment advice is limited to certain types of investments including:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange-traded funds
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships investing in real estate, oil and gas
- WEAS provides investment advice on interests in partnerships, investing in real estate, and oil and gas interests. Advice is provided through Consultation Services and is limited to review of the prospectus or the offering document to form an opinion as to the appropriateness of the investment for the client. WEAS does not include this portion of a client's portfolio as managed assets and therefore does not charge a management fee on these investments.
- WEAS, in certain cases, may utilize Unit Investment Trusts as part of the Investment Management Services and may charge a management fee or advisory fee on such assets.

WEAS has an Investment Committee and a Product Committee that meet regularly to evaluate products, performance, asset classes, etc., to determine if products should be added or removed from investment portfolios. The Committees also discuss investment strategies and models. Minutes are kept of all meetings.

### ***Portfolio Rebalancing***

The WEAS Investment Department manages the portfolios to respond to changing capital market conditions and periodically rebalances the portfolios. Clients may change the portfolio type if their financial or life circumstances change. WEAS requests that Clients provide such notification to their WEAS Financial Advisor as soon as practicable following any such changes. WEAS retains the discretionary authority to buy, hold, and sell investments in the Client's portfolio, which may include modifying portfolio allocations, and rebalancing Client accounts back to their original Client-authorized allocation. Rebalancing may also occur when a WEAS Financial Advisor and/or the Client give instructions to WEAS Investment Department to change the Client's target allocations or when a Client makes additions to or withdrawals from their account(s).

### **Arrangement with LPL Financial and Recommendation of LPL Financial Programs**

WEAS Financial Advisors may also be Registered Representatives of LPL Financial, LLC, which besides being a broker-dealer, is also an investment advisor registered with the United States Securities and Exchange Commission. However, all accounts and advisory services described in this Brochure are through WEAS. The use of a direct or three-party agreement allows WEAS to offer LPL Financial Investment Advisory Platform accounts to WEAS clients. WEAS clients investing in LPL Financial Investment Advisory Platforms will be required to complete a three-party agreement between the client, WEAS and LPL Financial. A description of the advisory programs offered through the LPL Financial Investment Advisory Platforms is described in the WEAS ADV Part 2A Supplement, which is titled: Wealth Enhancement Advisory Services, LLC, information relating to advisory services offered with the assistance of LPL Financial. The Supplement is provided to any client or prospective client who is interested in or has utilized any of the available LPL Financial Investment Advisory Programs.

## **Advisory Services Tailored to Individual Needs of Clients**

WEAS's services are provided based on the individual needs of the individual client. Therefore, you are given the ability to impose restrictions on your accounts, including specific investment selections and sectors.

## **Wrap-Fee Program versus Portfolio Management Program**

WEAS may provide asset management services through a wrap-fee program in addition to the traditional management programs it offers. Under a wrap-fee program, advisory services and transaction services are provided for one fee. This is different from traditional management programs whereby WEAS's services are provided for a fee, but transaction services are billed separately on a per-transaction basis. From a management perspective, there is not a fundamental difference in the way WEAS would manage wrap-fee accounts versus traditional management accounts. The only significant difference is the way in which transaction services are paid.

## **Wealth Enhancement Advisory Services, LLC (WEAS) Programs**

### **WEAS Core Program**

The WEAS Core Program provides investors an actively managed account using both passive mutual fund indexes, exchange traded funds (ETFs), and active mutual fund managers. The account is a transaction fee based account for individual stock or bond securities, transaction mutual funds and ETFs held at Schwab, the custodian.

WEAS primarily utilizes mutual funds & ETFs that are part of Schwab's No-Transaction Fee (NTF) platform. This platform allows WEAS to buy mutual funds without transaction fees being charged to the account. The client may still pay fees associated with mutual fund family fees which are described in their prospectus and Schwab's fee disclosure.

WEAS Core accounts are managed on a discretionary basis by the WEAS Investment Department, which develops the portfolio allocation, selects the underlying investments, implements the respective model strategy, and rebalances when deemed necessary.

The WEAS Investment Department decisions are overseen by the firm's Investment Committee. The Investment Committee's decisions will be driven by WEAS's Investment Department's market research and due diligence. The WEAS Investment Department continually monitors the investments in all Core Model Portfolios. If an investment is placed on a watch list or has been downgraded by the WEAS Investment Department, WEAS will take an appropriate course of action, which may include replacing the fund in all Core Model Portfolios, if necessary.

WEAS uses a combination of qualitative and quantitative factors in the management of the Core Model Portfolios. WEAS will allocate to asset classes and managers based on its evaluation of macroeconomic trends and market dynamics.

The Core strategies available in the program have defined static allocations to equities, bonds and alternatives. The appropriate strategy is selected by you and your advisor based on, but not limited to, your investment goals, risk tolerance and tax status.

### **WEAS Select Program**

The WEAS Select Program provides the client the same active WEAS asset management and manager selection that is in the Core program with the added flexibility to conveniently change an investment strategy within the equity or bond portion of allocation selection by you and your advisor. The advisor may opt to combine exchange traded funds (ETFs) and mutual funds within this program. There may be transaction fees associated with the use of ETFs.

WEAS primarily utilizes mutual funds that are part of Schwab's No-Transaction Fee (NTF) platform. This platform allows WEAS to buy mutual funds without transaction fees being charged to the account. The client may still pay fees associated with mutual fund family fees which are described in their prospectus and Schwab's fee disclosure.

### **WEAS Managed ETF Program (MEP)**

The Managed ETF Program (MEP) provides discretionary investment advisory services to clients wanting to own exchange traded funds (ETFs). You will work with your WEAS Financial Advisor to select portfolio strategies consisting of exchange-traded funds that meets your financial needs or goals.

MEP accounts are managed on a discretionary basis by the WEAS Investment Department, which develops the portfolio allocation, selects the underlying funds, implements the respective model strategy, and rebalances when necessary.

The WEAS Investment Department decisions are overseen by the firm's Investment Committee. The Investment Committee's decisions will be driven by WEAS's Investment Department Manager's research and due diligence.

Clients should know that ETFs have unique distinguishing characteristics and cost structures. There are passive indexes, active strategies and equity and bond ETFs. The underlying management fees for International ETFs have higher expenses than domestic ETFs. Passive equity index ETFs have traditionally had expenses in the range of 0.15% to 0.35% versus 0.70% to 1.20% for actively managed ETFs.

MEP is most appropriate for those Clients that are willing to achieve market-like returns, less management fees and operating expenses, with little potential for the individual ETFs outperforming their respective indices they track.

Based upon each client's financial needs and investment objectives, the WEAS Financial Advisor will assist a client in selecting the appropriate allocation portfolio strategy.

Please refer to the WEAS Advisory Fee Schedule contained in the Investment Management Services section to read about the WEAS advisory fees charged through MEP. WEAS implements the same fee range and billing structure for MEP as in the Core program. In addition, clients are assessed a transaction fee by the custodian to cover the costs associated with the execution of trades in MEP. All transaction fees are paid to the custodian and are collected directly from the client's account. The WEAS advisory fees are for investment management advisory services and may be more expensive for the client than if the assets were held in a traditional brokerage account. In a brokerage account, a client is also charged a commission for each transaction, and the Registered Representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy-and-hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider a brokerage account.

All accounts through MEP must be opened at Schwab. Please refer to Item 12 of this Brochure for information about our arrangements with Schwab.

The MEP account may cost the client more or less than purchasing the program services separately. Factors that bear upon the cost of the MEP account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client-related services provided to the account. WEAS may aggregate transactions for a client with other clients to improve the quality of the execution. When transactions are so aggregated, the actual prices applicable to the aggregated transaction will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only



partially filled in client accounts, WEAS works with the custody firm to determine an appropriate breakdown. Securities transactions for MEP accounts are effected through Schwab without commissions being paid to WEAS. While Schwab makes every effort to obtain best execution possible, there is no assurance that it will be obtained.

### **WEAS Access Program**

The WEAS Access program provides the investor with access to actively managed strategies which will use a broad array of investment types consisting of but not limited to actively managed mutual funds, index mutual funds, exchange traded funds (ETFs), exchange listed securities, securities traded over-the-counter, municipal securities and separately managed accounts (SMAs).

Model Portfolios will be implemented with investment types that carry transaction fees. WEAS will, where possible, utilize institutional share classes that in general have lower expenses than the share classes available in the No-Transaction Fee platform. The cost associated with the trading of the account is covered by an asset based fee.

The WEAS Access Program accounts will be charged an Asset Based Fee (ABF) which is a percentage charge on the dollar amount of assets in the account in lieu of individual transaction fees on trades executed in the account. The ABF is in addition to the advisory fee charged by the WEAS Financial Advisor. The asset based fees applicable to your account were negotiated based on the total amount of assets collectively maintained with the custodian of the assets. The ABF is calculated and paid to Schwab directly each month and is used to cover the transaction expenses to implement and trade the individual investment positions in the account.

Clients can choose to pay individual transaction fees in lieu of the asset based fee. Based on historic and anticipated level of trading volumes, clients with larger account values would most likely have lower overall transaction costs by choosing to pay the individual transaction fees from their account instead of an asset based fee. You can discuss your specific situation and preference with your WEAS Financial Advisor.

### **Tax Advantaged Asset Location Program (TAALP)**

Certain accounts within the ACCESS program at Schwab or accounts with custody at Raymond James are eligible for WEAS' Tax Advantaged Asset Location Program. Based on the client's situation, the client and the WEAS Financial Advisor may determine that TAALP is a beneficial service. The objective of TAALP is to maximize the tax benefits of different account types, such as Individual Retirement Accounts (IRAs). Under TAALP, all of the client's accounts will be managed together under a single investment objective as shown in the client's investment policy statement. Underlying investments are selected to make an allocation consistent with the client's investment objective. The investments will be placed in the accounts dependent upon the tax characteristics of each investment and the tax benefits of each account type. If the client is participating in the program, it is important to consider the total allocation and performance of all accounts in the program.

### **WEAS World Program**

The World Program provides discretionary and active investment advisory services by WEAS. The available strategies are constructed using a diverse set of actively managed strategies or asset classes within established ranges for each strategy. The allocation to each of these asset classes, managers or strategies will change periodically based upon WEAS Investment Management's relative value opportunities within and across asset classes and market research.

The investment strategies may involve higher turnover, which can increase the amount of realized short term and long term capital gains. Consequently, taxable accounts maybe adversely affected. The

allocation to equities, bond, alternatives, commodities and cash will vary depending on the strategy selected by you and your WEAS Financial Advisor.

Model portfolios will be implemented with investment types that may carry transaction fees. WEAS will, where possible, utilize institutional share classes that in general have lower expenses than the share classes available in the No-Transaction Fee platform. The cost associated with the trading of the account is covered by an asset based fee.

The WEAS World Program accounts may be charged an Asset Based Fee (ABF) which is a percentage charge on the dollar amount of assets in the account in lieu of individual transaction fees on trades executed in the account. The ABF is in addition to the advisory fee charged by the WEAS Financial Advisor. The asset based fees applicable to your account were negotiated based on the total amount of assets collectively maintained with the custodian of the assets. The ABF is calculated and paid to Schwab directly each month and is used to cover the transaction expenses to implement and trade the individual investment positions in the account.

Clients can choose to pay individual transaction fees in lieu of the asset based fee. Based on historic and anticipated level of trading volumes, clients with larger account values would most likely have lower overall transaction costs by choosing to pay the individual transaction fees from their account instead of an asset based fee. You can discuss your specific situation and preference with your WEAS Financial Advisor.

#### **WEAS Managed Variable Annuities (MVA)**

WEAS Investment Management Services may include the management of Variable Annuity (VA) sub-accounts. WEAS has approved various VA carrier products for this service. WEAS manages various model portfolios for each VA carrier product. Model portfolio objectives may range from aggressive to conservative. Once the client has completed a Services Agreement and Schedule A, the various model portfolios are actively managed for the client on a discretionary basis. Sub-account asset allocations are limited by the VA carrier product fund options. Asset allocations may also be restricted by the VA carrier. WEAS Financial Advisors who are also Registered Representatives of LPL Financial may receive commissions and/or 12b-1 fees related to the variable annuity contracts.

#### **Retirement Plan Consulting Program**

WEAS offers additional retirement plan consulting through the LPL Financial Advisory Retirement Plan Consulting Program (RPCP).

Through this program, WEAS will assist clients that are trustees or other fiduciaries for a retirement plan in designing and implementing retirement plans consistent with their needs. WEAS may perform one or more of the following consulting services: plan design, needs assessments, and vendor evaluation; design or review of investment guidelines in an investment policy statement; providing an asset allocation review to assist the plan with developing an asset allocation strategy; analyzing and recommending mutual funds for the plan to offer its participants on a self-directed basis; compiling and coordinating data for plan testing; reviewing periodic reports prepared by the plan's vendor; analyzing performance of specified funds, securities or managers over various time periods; and conducting educational presentations and enrollment meetings for plan participants, which may include general asset allocation and investment advice.

When performing such consulting services, WEAS may not take discretion, provide trade execution services with respect to plan assets, or provide individual investment advice to plan participants as it relates to plan assets.

A WEAS Financial Advisor, who is part of the Retirement Plan Consulting Program, is an Adjunct Lecturer with The Plan Sponsor University (TPSU), which is a division of The Retirement Advisor University (TRAU) and affiliated through UCLA's Anderson School of Management Executive Education. The WEAS

Financial Advisor provides training to retirement plan sponsors for the exclusive right to be the State of Minnesota retirement plan advisor promoted as the lecturer by this program. TPSU/TRAU charges an upfront fee to participate in the program. The WEAS Financial Advisor is responsible for payment of the upfront fee. In addition, there are fees related to the retirement plan sponsor training sessions. The WEAS Financial Advisor is responsible for the payment of the retirement plan sponsor training sessions. Wealth Enhancement Group, LLC (WEG), the parent company of WEAS, reserves the right to make payments on behalf of the WEAS Financial Advisor for all or some of the retirement plan sponsor training session fees and the upfront fee. WEAS and WEG are not a party to the relationship between the TPSU/TRAU and the WEAS Financial Advisor.

### **Client Assets Managed by WEAS**

Defined as regulatory assets by the SEC, the amount of assets under management by WEAS totaled \$3.067 Billion as of December 31, 2013; \$2.599 Billion are managed on a discretionary basis and \$468 Million are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

Generally speaking, an ongoing fee for investment advisory services may cost you more than assets held in a traditional brokerage account through LPL Financial. In a traditional brokerage account, a client is charged a commission for each transaction, and our WEAS Financial Advisor, acting in their separate capacity as an LPL Financial Registered Representative, has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy-and-hold strategy for some or all of your assets or if you do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account. Please speak with your WEAS Financial Advisor to discuss the differences between a WEAS fee-based, investment advisory account and an LPL Financial brokerage account.

### **Investment Management Services**

To the extent you decide to sign up for our Investment Management Services, we begin the arrangement with an initial interview and data-gathering process to determine your financial circumstances and individual needs, investment objectives, investment time horizons and risk tolerance.

You will receive a general overview of investment recommendations consistent with your long-range goals (i.e., retirement planning) or other components of an investment plan that you may request. Thereafter, WEAS identifies a mix of investments for diversification of your portfolio. Diversification helps to manage risk of loss due to lack of variety of asset classes.

As needed, and on a client-by-client basis, WEAS may also assist in selecting one or more separate account management firms and will also help in establishing an account with the manager(s) selected. In the WEAS Services Agreement that clients must execute, the client grants authority to WEAS to enter into and terminate agreements with separate account management firms on behalf of the client. These services are provided by the separate account manager. The fees charged by a separate account manager are separate and distinct from those charged by WEAS. Descriptions of the third-party manager programs used by WEAS are included in Item 5 of this document.

Investment Management Services, where appropriate, may include the acceptance of a transfer in-kind of securities for the purpose of liquidation and reallocation. WEAS may also accept a transfer in-kind of securities to be held as part of a client's overall financial plan.

Investment Management Services also include periodic monitoring and review of portfolio assets by WEAS (including assets managed by separate account managers). Such reviews are performed by your

WEAS Financial Advisor and by the WEAS Investment Department, at the times they deem appropriate to determine if investment options in the portfolio continue to match your investment objective.

If changes to the mix of investments are required, WEAS will complete the changes using discretionary authority granted by the client (see Item 16 of this Brochure for more information regarding Investment Discretion). The Investment Department manages the day-to-day portfolio management and trading activities. Along with the daily requirements of managing client portfolios, the Investment Department completes due diligence analyses of current and future investment options, prepares and presents the materials at Product Committee and Investment Committee meetings, implements the reallocation of portfolios, and is responsible for the internal performance calculation and risk management. The WEAS Product Committee and Investment Committee consist of a variety of WEAS Financial Advisors, the CEO, the Chief Investment Officer and certain members of the WEAS Investment Department. The Chief Operating Officer and Chief Compliance Officer also participate in Product Committee and Investment Committee meetings. The major role of the two committees is to provide oversight of Investment Management, approve Investment Manager changes, approve allocation recommendations, and the addition or removal of investment options and models. The Investment Committee meets every quarter and the Product Committee meets every quarter.

Clients should be aware that WEAS Financial Advisors giving advice may earn commissions for the sale of certain investment products. WEAS Financial Advisors may receive additional compensation in the form of annuity and mutual fund trail fees and/or bonuses based upon the value of investments held in a client account. Clients are encouraged to read each investment's prospectus for a description of these fees. (Please refer to Items 10 and 14 of this Brochure for more information.)

Each client's account is monitored by the appropriate WEAS Financial Advisors and managed by the WEAS Investment Department. Thus, clients have a direct and beneficial interest in their respective individual securities, rather than an undivided interest in a pool of securities.

Please refer to the ADV Part 2B Brochure Supplement in this disclosure document for additional information on the education, business standards and business backgrounds of the WEAS Investment Management Department.

### **WEAS Program Fee Schedule**

Fees for Investment Management Services are calculated and payable quarterly. Fees are due at the end of each calendar quarter. (This could differ with other investment programs and/or platforms.) Fees are determined as a percentage of assets under management. Account values for fee calculation purposes are determined on the last business day of each calendar quarter. WEAS charges fees in arrears, but will charge fees a quarter in advance in certain service offerings. The fees (if any are charged) are waived for two years on investment products sold to a client for whom a WEAS Financial Advisor earned a commission. Fees may also be waived or discounted for employees or relatives of employees of Wealth Enhancement Group, LLC, the parent company of WEAS, who have assets under management with WEAS.

Asset-based fees generally adhere to this schedule:

<u>Portfolio Size</u>	<u>Quarterly %</u>	<u>Annual %</u>
First \$999,999	0.375%	1.50%
\$1,000,000–\$2,000,000	0.3125%	1.25%
Over \$2,000,000	0.25%	1.00%

The advisory fees for Investment Management Services are negotiable and depend upon the complexity of services and are set at the discretion of the WEAS Financial Advisor providing services. Fees paid to WEAS for its services may vary from client to client for similar services but shall not exceed 2% per year of the value of assets under management. Clients should be aware that fees in excess of 2% per year for

an advisory program are considered to be high, and that other advisory firms may be able to provide similar services at lower costs. The advisory fees shown in the schedule above represent fees for advisory services only. Clients pay transaction and other fees to broker-dealers providing transaction and custody services through this program. Transaction liquidation assistance may be provided by Schwab for WEAS managed account households with over \$500,000 in assets. The transaction assistance covers the initial liquidation of individual equity securities at a reduced cost of \$2.50 per transaction. Other fees include, but are not limited to, Schwab's short-term redemption fee of \$49.95, which will be charged for each redemption of mutual funds purchased and held for 90 days or less. Schwab has granted a short-term redemption fee exemption for WEAS managed accounts. Schwab will therefore not apply their short-term redemption fees on mutual funds held less than 90 days. The exemption is subject to periodic review by Schwab, and Schwab reserves the right to modify or cancel the exemption at any time with or without notice. Schwab also reserves the right to exempt certain funds from this fee, including Schwab Mutual Funds that may charge a separate redemption fee, and funds that accommodate short-term trading.

Clients also pay a management fee to separate managed account investment managers if such managers are used. The total of all these fees may exceed 2% in some product platforms, especially if a third-party managed account platform is used. The fee WEAS receives for its services, as mentioned above, shall not exceed 2%.

A flat-rate annual fee percentage may also be used, as well as other special tiered fee-rate schedules in certain circumstances. These fee rates and schedules are negotiated in advance with each client.

WEAS reserves the right to apply an Administrative Fee to the Access and World programs. The Administrative Fee offsets certain operating expenses incurred by WEAS in association with the delivery of products and services which may include, but not be limited to: financial planning, portfolio analysis, reporting, and the collection, aggregation, and processing of data. The Administrative Fee is in addition to the advisory fee for Investment Management Services and may consist of a percentage of assets under management or a fixed dollar amount. In either case, the total amount of the advisory fee for Investment Management Services along with the Administrative Fee shall not exceed 2% per year of the assets under management. The Administrative Fee may be charged annually, quarterly, or monthly, in arrears, depending upon the custody of assets. Under certain circumstances, and at WEAS's discretion, WEAS may waive the Administrative Fee for certain clients in these programs. Among other considerations for an Administrative Fee waiver, WEAS will consider the overall client relationship including assets under management, services being provided, and tenure of the relationship.

WEAS will request payment of fees through a direct debit to the client's account by the custodian holding the client's funds and securities. Clients may have the option, depending upon the custodian, of debiting fees from a designated managed account to pay for fees for another managed account as agreed upon in writing.

All fees paid to WEAS for advisory services are separate from the fees and expenses charged to shareholders of mutual funds and owners of annuity sub-accounts. Clients should understand that advisory services and securities and insurance products similar to those provided by WEAS Financial Advisors and third-party managers may be available for higher or lower costs through other service providers. Clients should also understand that clients whose accounts invest in mutual funds or other investment funds will also pay the customary fees charged directly by such funds to their investors, which may include investment advisory fees, administrative fees and distribution fees. These fees are in addition to the advisory fees charged by WEAS. A complete explanation of the expenses charged by mutual funds and annuities is contained in each mutual fund's and annuity's prospectus. Clients are encouraged to carefully read each prospectus they receive.

Since WEAS Financial Advisors may receive a commission on certain investments, the commission is an incentive to the WEAS Financial Advisor to recommend the investments. The receipt of continuing 12b-1 fees, which are based upon the value of mutual funds held in a portfolio, may also represent an incentive to WEAS Financial Advisors to purchase and hold funds with 12b-1 fees over others, and funds with higher 12b-1 fees over those with lower 12b-1 fees. WEAS Financial Advisors may select both Load and

No-Load mutual funds depending upon the client's goals and objectives. WEAS advisory fees (if any are charged) are waived for two years on investment products sold to a client for whom a WEAS Financial Advisor earned a commission.

A client may terminate the Investment Management Services Agreement without penalty (full refund or no fees due) within five (5) business days of signature of the agreement, if the client has not received the WEAS ADV Part 2A (Disclosure Brochure) and the Part 2B (Brochure Supplement) prior to or at the time of signing the Investment Management Services Agreement. After such time, either party may terminate services upon receipt of a 30-day advance written notice. After termination, the client becomes totally responsible for managing the client's account. If the termination occurs prior to the end of a calendar quarter, clients charged fees in arrears will be invoiced only for those services provided up to the time of termination. Clients charged fees a quarter in advance will be refunded on a prorated basis up to the time of termination.

### **Asset Based Fee (ABF)**

WEAS Access and World Programs utilize an Asset Based Fee (ABF). An ABF is a percentage charge on the dollar amount of assets in the account in lieu of individual transaction fees on trades executed in the account. The ABF is in addition to the advisory fee charged by the WEAS Financial Advisor and in addition to the Administrative Fee (where applicable). The asset based fees applicable to your account were negotiated based on the total amount of assets collectively maintained with the custodian of the assets. The ABF is calculated and paid to Schwab directly each month and is used to cover the transaction expenses to implement and trade the individual investment positions in the account.

WEAS Access and World Program clients can choose to pay individual transaction fees in lieu of the ABF. Based on historic and anticipated levels of trading volumes, clients with larger account values would most likely have lower overall transaction costs by choosing to pay the individual transaction fees from their account instead of an ABF. You can discuss your specific situation and preference with your WEAS Financial Advisor.

### **Retirement Plan Consulting Program Fee**

The charge for consulting may be based on a percentage of assets held in the plan (up to 1.00%) or on an hourly (up to \$400.00 per hour) or flat rate basis as negotiated between the plan and WEAS. Fees are billed quarterly in arrears. The fee is detailed on the Retirement Plan Consulting Program Schedule A.

### **Third-Party Managed Account Programs**

WEAS offers a variety of third-party manager programs. Under these programs, a third-party asset manager manages the client's account. A description of the third-party manager programs and associated fees and compensation details are located below.

### **SEI Investments**

WEAS participates in the Managed Accounts Program (the Program) sponsored by SEI Investments Management Corporation (SIMC). To participate in the Program, WEAS, SIMC and each client execute a three-party agreement (hereinafter, a Managed Account Agreement) providing for the management of certain investor assets in accordance with the terms thereof. By means of the Managed Account Agreement, the client appoints WEAS as its investment advisor to assist the client in selecting an asset diversification strategy, which includes allocating a percentage of client assets to designated portfolios of separate securities (each, a Managed Account Portfolio) and which may include a percentage of assets allocated to a portfolio of mutual funds sponsored by SIMC or an affiliate of SIMC. The client appoints SIMC to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the client together with WEAS. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers.

Fee Schedule for the Managed Accounts Program depends upon the nature of the securities in the portfolio and investment strategy as follows:

- The fees payable for the Equity 1 Strategy which includes the Tax Managed Core, US Equity Core, US Large Cap, Managed Volatility, Mid Cap, and International Developed Strategies is 0.90% to 0.65%
- The fees payable for the Equity 2 Strategy which includes the Small Cap and Real Estate Strategies is 1.10% to 0.85%
- The fees payable for the Equity 3 Strategy which include the International Emerging Strategy is 1.25% to 1.00%
- The fees payable for the Active Fixed Strategy which includes the Active Municipal Bond, Active U.S. Fixed Income, and Active Core Fixed Income is 0.65% to 0.45%
- The fees payable for the Tactical ETF Strategies is 0.20% to 0.55%
- The fees payable for the Passive Fixed Strategy which include the Laddered Strategies is 0.30% to negotiable

Additionally, the SEI Program offers a feature called Integrated Managed Accounts Program (IMAP), which is an enhancement to the standard program. In IMAP, SIMC appoints a tax overlay manager for the equity portion of the client's Managed Account Portfolio. The various equity sub-advisors for the client's portfolio provide buy/sell lists to the overlay manager, which then is responsible for executing the transactions (within the parameters of performance and security weighting variances from the underlying model portfolios), with the goal of increased coordination across the equity account, increased tax efficiency and minimization of wash sales. Neither the tax manager nor SIMC offers tax advice; clients should consult with their tax advisors as to the suitability of IMAP for their Accounts. SIMC charges clients an integration fee when the client selects the IMAP feature. These additional fees only apply to the equity portion of a client's account that is allocated to the integrated equities portfolio; the fees do not apply to the fixed income or mutual funds portion of the client's account (if applicable). A selection of clients may receive a fee discount. These fees may be higher or lower than those charged by other investment advisors for similar services. SIMC pays a portion of this fee to the portfolio manager acting as the accounts' integration manager.

The fees payable for Integrated Managed Account Feature:

- Up to 0.15% for the first \$500,000 and
- 0.05% for amounts in excess of \$500,000

SIMC may impose minimum account balances which will typically vary (between \$50,000 to \$250,000) depending upon the manager selected in the Managed Account Portfolio chosen and whether the client selects the IMAP feature.

To the extent a client's assets in a Managed Account Program account are invested in SEI Funds, SIMC and its affiliates will earn fund-level fees on those assets, as set forth in the applicable Fund's prospectus but SIMC will waive the fees set forth above on Managed Account Program assets invested in any SEI Fund.

Each SEI fund pays an advisory fee to SIMC that is based on a percentage of the portfolio's average daily net assets, as described in the mutual fund's prospectus. From such amount, SIMC pays the sub-advisor(s) to the fund. SIMC's fee is negotiable, but it typically ranges from 0.10% to 1.50% of the portfolio's average daily net assets for its advisory services.

Affiliates of SIMC provide administrative, distribution and transfer agency services to all of the portfolios within the SEI Funds, as described in the SEI Funds' registration statements. These fees and expenses are paid by the SEI Funds but ultimately are borne by each shareholder of the SEI Funds.

Clients may also pay custody fees to SEI Private Trust Company (SPTC) when SPTC has custody of their assets. These fees will vary depending on the account balance and trade activity in the account. Clients can refer to their account application for specific information on SPTC custody fees.

SIMC investment advisory fees are calculated as a percentage of the market value of the client's account assets. The fees are calculated and payable quarterly in arrears and net of any income, withholding or other taxes.

The asset-based WEAS Program Fee Schedule detailed in the Investment Management Services section includes the fees WEAS charges for its services in connection with SEI's program.

SEI Trust Company debits the client's account on a quarterly basis for all of the above mentioned fees and charges. The charges to the account are calculated and debited in arrears and are remitted quarterly net of any applicable account and performance reporting charges not charged to the customer.

Upon written notification, the SEI Managed Account Agreement may be terminated by either WEAS or the client. Prorated fees will be charged based on market value on the date the termination notice is received.

All fee arrangements are subject to negotiation and possible modification.

Clients receive monthly statements from SEI Trust Company indicating holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices, is also available if the investor elects to receive it. Annually, the client will receive a tax statement for the account.

#### **Benefits Agreement with SEI Global Services, Inc.**

WEAS has entered into a Benefits Agreement (Agreement) with SEI Global Services, Inc. (SEI) whereby SEI has agreed to provide assistance with technology-related expenses in the amount of \$161,000 in calendar year 2015. The technology-related expenses include, but are not limited to, trading software and investment management technology from a third party. The expense is for services provided by the third party during contract year 2015. The Agreement is based upon the expectation that WEAS maintain at least \$400 million in client assets held in custody by SEI Private Trust Company during the next twelve (2015) months, on a best efforts basis and consistent with WEAS's best execution obligations. WEAS and SEI reserve the right to enter into a new benefits agreement after the Agreement term. The Agreement is subject to modification or termination by SEI, in its sole discretion, at any time.

Tamarac Inc. (Tamarac) is the third-party trading software and investment management technology vendor selected by WEAS. WEAS selected Tamarac to replace a trading service formerly provided by Schwab. As a third-party vendor, Tamarac trading software and investment management technology is not limited to the SEI custody platform and supports many other custody platforms. Therefore, the use of Tamarac does not limit WEAS from using other custody platforms if WEAS decides, at its sole discretion, to do so.

The placement of equity assets and any associated transactions with SEI will generate commissions retained by SEI to defray SEI's cost of the above detailed agreements. However, the volume of transactions effected by WEAS for client accounts is done solely based on WEAS clients' needs and not by any requirement to generate commissions to cover the cost of the agreements.

The fact that WEAS relies on the commissions (and other fees) paid by our clients to SEI to reimburse the cost of the Agreement, and to receive other benefits and services from SEI, is a benefit to WEAS because WEAS does not have to pay for the services ourselves. An investment advisor should recommend broker-dealers based exclusively on the best interests of its clients. The fact that WEAS receives certain benefits from SEI is clearly an incentive for us to recommend the use of SEI to our clients rather than making such a decision based exclusively on the best interests of our clients. However, as



stated above, the services, tools and benefits received from SEI are used to assist WEAS in providing investment management services that certainly benefit our clients.

In the event any future products or services received from benefit arrangements have a non-research purpose (if they may be used for billing or marketing, for example), WEAS will make a good faith determination of the non-research usages as required by Section 28(e) of the Securities Exchange Act of 1934. In such cases, WEAS allocates the purchase price between soft dollars (i.e., brokerage commissions) and hard dollars for the appropriate percentage of research and non-research usage, respectively.

### **Schwab Managed Account Select**

WEAS also participates in the separate managed accounts program called “Managed Account Select” sponsored by Schwab Institutional.

Managed Account Select is a separate managed account program that provides investment manager research, due diligence, and performance reporting. In the Select Program, Schwab acts as a sponsor of the Program and provides all brokerage services, as well as research on a select group of Separate Account Managers. The fee for Schwab’s brokerage, custody, research and other sponsor services is bundled with the Separate Account Managers’ fees for their portfolio management services.

The service begins by WEAS determining the client’s investment objectives and developing asset allocation strategies. A financial strategy plan is created that usually diversifies assets across classes and investment styles. A money manager is then selected to fulfill allocation targets within a specific asset class. Money managers will invest and manage portfolios of individual securities. The client will receive statements to keep up to date on portfolios on a quarterly basis.

Managed Account Select services, including the fee to Schwab and Separate Account Managers services, are paid for by means of an asset based fee. Certain special service fees (e.g., wire transfer) and dealer mark-ups and mark-downs and fixed income securities are not included. Schwab may also make dealer profits on transactions executed by Schwab or an affiliate on a principal basis.

The Managed Account Select pricing schedule applies to all client accounts. The Equity Fee applies to managers with equity investment styles and the Fixed Income Fee applies to managers with fixed income investment styles. Fees are subject to change.

Schwab’s fee for equity accounts ranges from 1.00% to 0.65%, while fees for fixed income accounts range from 0.70% to 0.45%. Fees are payable to Schwab monthly, in arrears.

The WEAS advisory fee is independent of the Schwab fee. The WEAS Program Fee Schedule detailed in the Investment Management Services section is used by WEAS for this program.

In Managed Account Select, accounts are established on a household basis (i.e., combined) and the equity fee schedule is applied to a client’s total assets in Managed Account equity accounts, and the fixed income fee schedule is applied to a client’s total assets in Managed Account Select fixed income accounts – regardless of the number of accounts. ERISA retirement plan accounts cannot be established on a household basis.

### **FTJ Fund Choice (FTJ)**

WEAS clients can also participate in the FTJ Fund Choice™ Mutual Fund Management Program (FTJ). FTJ is a fee-based mutual fund platform offering no-load and load-waived mutual funds. It is an asset management program that allows financial advisors the ability to develop their own model portfolios or outsource the asset allocation decision to institutional portfolio strategists.

To participate in the program, the WEAS Financial Advisor and the client must execute the FTJ Services Agreement. WEAS has a selling agreement in place with FTJ. FTJ collects the following step rate fee schedule depending on the assets with FTJ:

Assets	Fee
• \$0 to \$50,000.00	0.450%
• \$50,000.01 to \$100,000.00	0.350%
• \$100,000.01 to \$250,000.00	0.200%
• \$250,000.01 to \$500,000.00	0.175%
• \$500,000.01 and up	0.150%

The WEAS Program Fee Schedule detailed in the Investment Management Services section is used by WEAS for its services in connection with FTJ management services. All fees are automatically deducted from the client's accounts by FTJ monthly, in arrears, based on the daily average account balance.

### **AssetMark, Inc. (formerly Genworth Financial Wealth Management, Inc.)**

WEAS participates in the AssetMark, Inc. (AssetMark) platform. As an accommodation, WEAS allows existing client relationships with AssetMark to continue to be serviced by AssetMark under WEAS. WEAS does not currently utilize AssetMark for new client relationships. AssetMark is a registered investment advisor with the Securities and Exchange Commission (SEC), and provides consulting services to other advisors and investment advisory clients. AssetMark is the sponsor of the Platform, and consults with the Financial Advisory Firm WEAS, to implement the Platform for their clients. As part of its consulting services, AssetMark is responsible for account administration, fee billing, and performance reporting, and has developed Internet-based software that provides WEAS with the capability of directly monitoring its clients Accounts, downloading information concerning changes in the Platform, and accessing current information relating to the Platform.

WEAS serves as the individual investment advisor for each client with accounts invested through the AssetMark Platform. In order to participate in the Platform, the client and WEAS will enter into a Services Agreement that outlines the services to be performed by WEAS, the authority of WEAS and the client over transactions in the client's account, the compensation payable by the client, and other important provisions governing participation in the Platform. WEAS evaluates the client's investment needs and objectives, consults with the client concerning the client's participation in the Platform and is responsible for determining the suitability of various Platform options (Investment Solutions) for the client's investment objectives and financial condition. Each of the Investment Solutions may be implemented with a number of options, including a range of Risk/Return Profiles and Asset Allocation Approaches, each described in the Genworth Platform and AssetMark Wrap Fee Program Brochure that clients of WEAS receive if using the Genworth Platform, so that the client can customize a strategy by which each of the client's accounts under the Platform will be managed or maintained. The specific Investment Solution and the components of the strategy selected for the client's account at the culmination of this process are referred to as the client's Investment "Strategy." A client may establish one or more investment accounts (each, an account) through the Platform, and the client's accounts are collectively referred to as the client's portfolio. Please review the Wrap Fee Program Brochure in detail for full disclosure of the products and fees related to the Genworth Platform.

With respect to clients investing in the AssetMark Platform, WEAS introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios including a wide variety of different securities types. Including model portfolios of mutual funds, Exchange-Traded Funds (ETF) and Variable Annuity sub-accounts provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of these institutional strategists. WEAS also introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients will receive separate disclosure from such investment managers regarding any such investment manager's advisory services.

Investors participating in the AssetMark Platform will receive periodic custodial account statements (not less frequently than quarterly) and quarterly reports showing the investment performance of their account.

Clients participating in the Platform pay the Financial Advisory Firm an overall Advisory Fee that includes a Platform Fee for participation in the Platform. Clients invested in the IMA and UMA Investment Solutions may also pay an Investment Manager Fee directly to the Investment Manager(s) that the client designates to manage client's account. The full investment Advisory Fee, any initial consulting fee payable upon opening an account or upon any additional investment in an account, and any additional Investment Manager Fee payable for a client's account will be set forth in the client Billing Authorization executed with the client Services Agreement between the client and WEAS. AssetMark standard Platform Fees and other fee arrangements for each Investment Solution are described in the Genworth Wrap Fee Program Brochure. Client fees are payable quarterly in advance, based on assets under management. The asset based WEAS Program Fee Schedule detailed in the Investment Management Services section of this document reflects the fee WEAS charges for its services in connection with the Genworth Platform.

WEAS may, subject to negotiation with AssetMark, receive certain allowances, reimbursements or services from AssetMark in connection with WEAS' investment advisory services to its clients, as described below and in the Genworth Wrap Fee Program Brochure.

Under the AssetMark Gold/Platinum Consultant Program, WEAS is entitled to receive a quarterly business development allowance for reimbursement for qualified marketing/practice management expenses incurred by WEAS. These amounts range from \$5,000 to \$105,000 annually, depending on the amount of client assets managed within the Platform.

AssetMark may also bear the cost of airfare for WEAS to attend AssetMark's annual conference or to conduct due diligence visits to AssetMark's offices. In addition, AssetMark may, from time to time, contribute to the costs incurred by participating firms such as WEAS in connection with conferences or other client events conducted by such firms and their representatives.

AssetMark may also provide opportunities for participating firms such as WEAS to receive fee reductions and/or allowances in amounts ranging from 0.02% to 0.07% of the amount of client assets invested through the Platform. These arrangements are entered into between AssetMark and a firm such as WEAS on an individually negotiated basis. WEAS may agree to provide AssetMark with introductions to, and information concerning, its advisory representatives, provide the representatives with information concerning AssetMark's Platform and products, and permit AssetMark to participate in broker-dealer meetings and workshops. In addition to the fee reductions and/or allowance granted the firm by AssetMark, AssetMark may agree to provide WEAS or its representatives with organizational consulting, education, training and marketing support.

### **The Pacific Financial Group (TPFG)**

WEAS participates in the Retirement Plan Management (RPM) program with The Pacific Financial Group (TPFG). As an accommodation, WEAS allows existing client relationships with TPFG to continue to be serviced by TPFG under WEAS. WEAS does not currently utilize TPFG for new client relationships. RPM is ideal for 401(k), 403(b), or 457 plans that are held at various custodians. TPFG offers turnkey and custom portfolios using the mutual funds offered by the sponsoring company. TPFG accepts full fiduciary responsibility for managing RPM accounts. TPFG also provides a legal safe harbor as defined by the applicable sections of the ERISA federal retirement law and the Internal Revenue Service Code. TPFG offers Aggressive, Moderately Aggressive, Moderate, Moderately Conservative, and Conservative Portfolios in RPM.

As a third party money manager, TPFG provides investment management services, including custody platform access, for 401(k), 403(b), and 457 plan accounts. TPFG was founded in 1984 and is a Registered Investment Advisor in the State of Washington with its principal place of business located in Bellevue, Washington. As an active money manager, TPFG's portfolio management team evaluates and

incorporates a broad spectrum of investment tools, including but not limited to exchange traded funds (ETFs), stocks, bonds and mutual funds. TPFG works strategically with WEAS Financial Advisors to assist their clients in achieving their financial goals. The WEAS Financial Advisor provides advice to the client regarding the investment of client funds based on the individual needs of the client. The WEAS Financial Advisor has personal discussions in which goals and objectives, based on a client's particular circumstances, are established. The information gathering process is conducted by the WEAS Financial Advisor and is used to determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. The WEAS Financial Advisor also has the client complete a TPFG Risk Evaluation Questionnaire to review and discuss the client's prior investment history, family composition and background. The client and the WEAS Financial Advisor then select a mix of TPFG's investment offerings that best meet the client's goals and risk temperament. TPFG uses Fundamental, Technical and Quantitative Investment Analysis blended into what they believe is a rational approach to the interdisciplinary investment decision making. TPFG manages advisory accounts on a discretionary basis. Account supervision is guided by the client's stated investment objective (i.e., maximum capital appreciation, growth, income or growth and income), as well as risk tolerance.

The Fee Schedule for TPFG accounts is determined by the type of portfolio and/or investment options utilized based upon the total assets under management in the account.

For Managed Mutual Fund Strategy Accounts Institutional Class:

Total Assets	Total Annual Fee	Advisor Fee	TPFG Fee
\$0 to \$500,000	1.50%	1.00%	0.50%
\$500,001 to \$3,000,000	1.125%	0.75%	0.375%
\$3,000,001 to \$5,000,000	0.80%	0.50%	0.30%
\$5,000,001 to \$10,000,000	0.65%	0.40%	0.25%
\$10,000,001 and up	Subject to Negotiation		

For Managed Mutual Fund Strategy Accounts Investor Class:

Total Assets	Total Annual Fee	Advisor Fee	TPFG Fee
Flat Fee of Up To:	1.00%	1.00%	0.00%

From 0 to 0.50% from client's account (management fee) and/or from 0.50% up to 1.00% from 12b-1 fees.

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

In addition to TPFG's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s).

Clients should verify the accuracy of fee calculations and notify WEAS with any questions. The client and/or WEAS may terminate the investment advisory agreement with a written 30 day notice to the other party. The client has the right to terminate the investment advisory agreement, without penalty, within five business days after entering into the investment advisory agreement. Any prepaid, unearned fees will be

promptly refunded. As disclosed above, fees are paid in advance of services provided. In calculating a client's reimbursement of fees, TPGF will pro rate the reimbursement according to the number of calendar days remaining in the quarter.

### **Consultation Services**

WEAS offers general financial Consultation Services on an hourly basis or flat fee basis. Consultation Services may involve a financial plan or ongoing services. Both are described below, along with the associated fees and compensation.

### **Financial Planning Services**

WEAS provides Financial Planning Services on issues relating to portfolio analysis, retirement planning, investment strategies, estate planning, trusts, tax status, and insurance, using long-term strategies so that continuous monitoring is not required. Fees for Financial Planning Services range up to \$25,000 and depend upon the nature and complexity of the services desired. WEAS has a dedicated Financial Planning department that generates financial plans based on the client's goals and objectives that have been discussed with the WEAS Financial Advisor. The Financial Planning department actually prepares the financial plans with review then by the WEAS Financial Advisor prior to the presentation of the plan to the client. WEAS offers the following types of Financial Plans and Consulting Services:

Comprehensive Financial Plan based on your specific financial goals.

Financial Strategies Plan with specific written recommendations and implementation procedures.

Financial Strategies Plans do not constitute a comprehensive financial plan and they will not address all financial goals, nor does it include long-range financial forecasts.

Financial Profile with specific written investment recommendations. A Financial Profile does not constitute a comprehensive financial plan and it will not address all financial goals, nor does it include long-range financial forecasts.

### **One-Time Financial Consulting Services**

One-time Financial Consulting Services address a variety of subjects, which may include, but are not limited to:

- Cash Flow Analysis
- Tax Analysis
- Retirement Goals
- College Funding
- Investment Needs
- Investment Recommendations

### **Ongoing Financial Consulting Services**

Ongoing Financial Consulting Services are designed to help clients address their financial future. Regular reviews of the client's financial situation and financial goals shall be provided in frequency determined by the WEAS Financial Advisor and the client.

Clients wishing to have a customized comprehensive plan will pay more than clients electing to receive project plans that can address such subjects as investment strategies, financial profiles or the other areas described above.

The fee is agreed upon at the time of engagement.

The hourly fee varies in a range up to \$300, depending upon the complexity of services. The flat fee ranges from \$250 to \$25,000. The hourly or flat fee will be agreed upon at the time of engagement. One-half of the fee is paid at contract signing and the balance is paid at presentation of the recommendations developed for the client. Fees of more than \$1,200 shall not be payable more than 6 months in advance. All fee arrangements are subject to negotiation and possible modification.

Consultation Services terminate upon the delivery of recommendations and an invoice will be delivered for the time incurred by WEAS. Clients may terminate Consultation Services at any time and will be invoiced only for the time spent by WEAS's staff providing services prior to receipt of the termination notice.

The client can terminate the Financial Planning services within 5 days of execution of the Agreement without penalty (full refund or no fees due). Otherwise, Financial Planning services terminate upon delivery of the Plan. If the client should terminate the services Agreement after the 5-day period and prior to the delivery of the Plan, the client may be billed only for the time incurred by WEAS prior to the delivery of the Plan at the rate of \$125 per hour.

If client circumstances or objectives change such that a new or revised Plan is required, there may be an additional hourly charge and this would be reviewed at the time of Engagement. Fees of more than \$1,200 shall not be payable more than 6 months in advance. All fee arrangements are subject to negotiation and possible modification.

### **Seminars**

WEAS also offers Seminars, which may include presentations on investment management, estate planning, various investment and insurance strategies, and retirement planning. WEAS may charge a fee, but customarily does not, to those in attendance ranging from \$0 to \$100, depending upon the complexity of the content or materials provided. Fees are payable as directed on the invitation. Attendees are under no obligation to do so, but are encouraged to engage individualized services with WEAS, if they feel inclined to do so.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to our Brochure because we do not charge or accept performance-based fees that can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

WEAS generally provides investment advice to the following types of clients:

- Individuals
- High-net-worth individuals
- Trusts, estates, and charitable organizations
- Corporations and other businesses
- Pension and profit sharing plans

All clients are required to execute an agreement for services in order to establish a client arrangement with WEAS.

### **Minimum Investment Amounts Required**

WEAS may require a minimum account size of \$25,000 for clients receiving Investment Management Services. Account minimums for WEAS Core Program accounts range from \$30,000 to \$250,000. There is an account minimum of \$50,000 for WEAS Select, \$50,000 for WEAS MEP, \$100,000 for WEAS ACCESS, and \$100,000 for WEAS World Program accounts.

WEAS may waive the minimum portfolio size if WEAS reasonably believes the portfolio will reach the minimum size within 12 months or if special circumstances exist. All stated minimum account sizes and minimum fee arrangements are subject to negotiation and possible modification. WEAS offers Consultation and Financial Planning Services for clients who do not meet the minimum portfolio requirements or who do not desire intensive Investment Management Services.

Separate managed account managers may also establish minimum account sizes for accounts. For the SEI Program, SEI may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the chosen Investment Strategy and whether the client selects the IMAP feature. For the Schwab Managed Account Select Program, \$100,000 is the minimum account size for most equity styles and \$250,000 is the minimum account size for fixed income styles. The minimum investment required in the AssetMark Platform depends upon the Investment Solution chosen for a client's account and is generally \$50,000 for Mutual Fund and Variable Annuity Accounts and \$100,000 for ETF Accounts, \$250,000 for Distribution Strategies, and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account, as described in more detail in the Wrap Fee Program Brochure. Accounts below the stated minimums may be accepted on an individual basis at the discretion of the WEAS Financial Advisor and the Platform sponsor.

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

### **WEAS Method of Analysis in Formulating Advice and Portfolio Diversification**

WEAS believes that common-risk premiums (equity, credit, Interest rate term structure, etc.) have relatively stable long term expected returns and covariance. As a result, WEAS's primary means of providing advice is to recommend portfolios that utilize modern portfolio theory to provide strategic allocations with optimal risk-adjusted return characteristics. Building on modern portfolio theory, WEAS moves beyond diversifying by asset classes (equity, fixed income, alternatives) to diversifying by risk classes (company risk, interest rate risk, purchasing power risk, manager skill risk.). WEAS believes allocating across risk classes is preferable to asset classes because risk classes have more stable covariance and more predictable long term expected returns. While WEAS believes that long term premiums are relatively stable, in the midterm 3-7 years, expected premiums may vary from the long term. As a result, WEAS monitors markets to look for abnormal pricing which may indicate a deviation from long term expected premiums. If such a deviation is identified, fundamental analysis is utilized to determine if the mispricing presents a risk or opportunity; from such analysis portfolio re-allocation may occur.

WEAS expresses its strategic allocations with a combination of passive, quantitative and active managers. WEAS prefers low cost passive strategies over the more active strategies. WEAS's research indicates, however, that there are certain factors which pay premiums above the common-risk premiums within a given risk category; these factor premiums include value, momentum, profitability and low volatility. WEAS is continually researching additional premiums to add to portfolios. WEAS will select managers, ETFs or individuals securities to capture these factor premiums. In addition, WEAS will use more costly active managers if WEAS believes that the managers can access a return stream that has statistically significant alpha and/or positive expected returns and low and stable correlation to company risk (equities and credit).

WEAS uses both subjective and objective factors. Subjective factors may include, but are not limited to: manager style, previous experience, investment approach, and the size of their firm. Objective factors

may include, but are not limited to: price-earnings ratio (P/E), size of the fund (assets), the number of holdings, yield, and turnover.

### **Portfolio Diversification**

The concept of asset allocation or spreading investments across a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) is generally in the forefront of WEAS's strategies. Asset allocation seeks to achieve an efficient diversification of assets, to lessen risk while not sacrificing the effectiveness of the portfolio in order to yield the client's objectives. Since WEAS believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Firm's overall approach in preparing advice for clients.

WEAS measures an investor's risk tolerance, time horizon, goals and objectives and tax status through an interview process in an effort to determine a plan/portfolio to best fit the client's profile. Investment strategies may be based upon a number of concepts and determined by the type of client. Investment strategies may include long-term, mid-term and short-term purchases depending upon the individual needs of the client.

If deemed to be appropriate for the client, WEAS sets out to determine if one or more Separate Account Managers can offer additional services that may be desirable to the client, as outlined above.

When the Firm is engaged for the delivery of long-term Investment Management Services, WEAS communicates with its clients on a regular basis to make sure that investment information is communicated in a timely fashion.

In providing Financial Planning Services, WEAS looks to the long term. After WEAS evaluates the client's financial needs, the client's WEAS Financial Advisor will design investment and risk-management strategies to help the client achieve their financial goals.

WEAS Financial Advisors do not review casualty insurance (i.e., homeowners, auto, liability, etc.). However, because coverage may be critically important, clients are encouraged to obtain a review by a qualified casualty representative or firm of their choice.

Recommendations for purchases of investments will be based on publicly available reports and analysis. In the case of mutual funds, recommendations will be based on reports and analysis of performance and managers, and certain computerized and other models for asset allocation and investment timing.

WEAS utilizes many sources of public information to include financial news, software prepared by outside firms and research materials.

### **WEAS Implementation Strategies for Managing Client Assets**

Depending on the individual circumstances of each client, WEAS may use the following implementation strategies.

- Long-term purchases: WEAS considers itself a firm that invests for the long term. However, if a client's investment reaches a price objective quickly, WEAS may recommend the sale of the investment even if it has been held for only a short period.
- Short-term purchases: Investments sold within a year.
- Trading: Securities sold within 30 days.



- Margin transactions: When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Margin relationships are established between the client and the firm with custody of their assets.
- Tactical asset allocation: Allows for a range of percentages in each asset class (such as Stocks = 40% to 50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- Strategic asset allocation: Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a buy-and-hold strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events, such as retirement and college funding, grow shorter.
- Long/Short or Market Neutral Strategies: An aggressive strategy that aims to deliver returns by balancing bullish stock picks with bearish ones. The strategy can also generate income from interest proceeds from the sales of short securities. The strategy mimics some of the trading strategies typically employed by a hedge fund. Unlike most mutual funds, long/short mutual funds use leverage, derivatives and short positions in an attempt to maximize total returns, regardless of market conditions. The amount of leverage used and the number of derivatives and short positions that long/short funds may contain are limited by law.
- Managed Futures: An alternative investment strategy in which professional portfolio managers use future contracts as part of their overall investment strategy. Managed futures provide portfolio diversification among various types of investment styles and asset classes to help mitigate portfolio risk in a way that is not possible in direct equity investments. Commodity trading advisors typically monitor managed futures portfolios. These portfolios can have various weights in stocks and derivative investments. A diversified managed futures portfolio will generally have exposure to a number of markets such as commodities, energy, agriculture and currency.

## **Risk of Loss**

The Core, Select, MEP, Access and World program strategies, as with any investment strategy, involve the risk of loss. Clients should be prepared to bear losses in their accounts. Investments fluctuate daily and WEAS cannot guarantee that investment decisions will limit losses or achieve their portfolio's objective.

The portfolios subject the investor to various risks inherent with its objective. These include, but are not limited to: market risks, foreign investment risk, currency risk, interest rate risk, and trading risk associated with alternative investments or strategies and allocation risk.

Clients should understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. *You need to be prepared to bear investment loss including loss of original principal.*

Because of the inherent risk of loss associated with investing, WEAS and WEAS Financial Advisors *cannot* represent, guarantee, or even imply that our services and methods of analysis can or will:

- (1) Predict future results; or
- (2) Successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated with investing in securities through the WEAS investment management programs.

- Market Risk or Systemic Risk: Risk that affects the entire market and is non-diversifiable.
- Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk: When investing in stock positions, there is always a certain level of company or industry-specific risk that is inherent in each investment. This is also referred to as non-systemic risk and it can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Options Risk: Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Credit Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments.
- Inflation Risk: Individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Interest Rate Risk: The risk that an investment's value will change due to a change in the absolute level of interest rates. Interest rate risk affects the value of bonds more directly than stocks, and it is a major risk to all bondholders. As interest rates rise, bond prices fall and vice versa.
- ETF and Mutual Fund Risk: When a client invests in an exchange traded fund (ETF) or mutual fund, it will bear additional expenses based on the pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage transaction costs when purchasing ETFs.
- Variable Annuity (VA) Risk: When a client invests in a VA it will bear additional expenses based on the product and the riders that are added to the VA contract. A VA will normally have a surrender schedule; if liquidated before the elapse of the surrender period, there will be a fee assessed by the VA carrier. This fee is called a surrender charge. It is important that clients read the prospectus of the VA product before purchasing a VA and that they consult with the WEAS Financial Advisor regarding the fees associated with a VA.

- **Management Risk:** An investment's value varies with the success and failure of the investment strategies, research, analysis and determination of portfolio securities. If investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

This item is not applicable to the WEAS Brochure because there are no legal or disciplinary events listed in Item 9 of the Form ADV Part 2A instructions that are material to a client or prospective client's evaluation of WEAS's business or the integrity of WEAS's management.

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

WEAS *is not* and *does not* have management personnel registered with a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Further, WEAS and its management personnel do not have material arrangements with a related person that is: (1) a municipal securities dealer, government securities dealer or broker; (2) an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (3) another investment advisor or financial planner; (4) a futures commission merchant, commodity pool operator, or commodity trading advisor; (5) a banking or thrift institution; (6) an accountant or accounting firm; (7) a lawyer or law firm; (8) a pension consultant; (9) a real estate broker or dealer; or (10) a sponsor or syndicator of limited partnerships.

### **Relationship with Affiliated and Unaffiliated Broker-Dealers**

WEAS Financial Advisors may be securities Registered Representatives of LPL Financial LLC, San Diego, CA, a registered Broker-Dealer, Member FINRA and SIPC. Clients are under no obligation to purchase or sell securities through their WEAS Financial Advisor; however, if they choose to implement plan recommendations through a WEAS Financial Advisor, commissions may be earned by the WEAS Financial Advisor, LPL Financial and Wealth Enhancement Brokerage Services, LLC, an affiliate of WEAS, in addition to any fees paid for advisory services. The receipt of commissions for recommended products could represent an incentive for WEAS Financial Advisors to recommend products that pay a commission over other products, thereby creating a conflict of interest. Additionally, if the client implements the plan through WEAS Financial Advisors who are LPL Financial Registered Representatives, clients are limited to those products and services available through LPL Financial. Commissions earned may be higher or lower at LPL Financial than those charged by other broker-dealers.

Under the rules and regulations of FINRA, LPL Financial has obligations to maintain records and perform other due diligence functions regarding certain aspects of the investment advisory activities of its Registered Representatives in relation to certain advisory accounts for which its Registered Representatives provide investment advice. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about WEAS clients, even if the client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact Wealth Enhancement Group, LLC, Attn: Compliance Department, 505 N. Hwy 169, Plymouth, MN, 55441, (763) 417-1400. In certain instances, LPL Financial will collect, as paying agent for WEAS, the investment advisory fee remitted to WEAS by the account custodian, and LPL Financial will retain a portion as a charge to the investment advisor (not the client) for the functions that LPL Financial is required to carry out by FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay WEAS pursuant to any client's advisory agreement. A portion of the fee retained by LPL Financial may be re-allowed to other Registered Representatives of LPL Financial who, as

Registered Representatives of LPL Financial, are responsible for the supervision of other representatives and assist LPL Financial with the functions described above.

WEAS is affiliated with Wealth Enhancement Brokerage Services, LLC (WEBS). WEBS is a limited use broker-dealer, member FINRA/SIPC. There are currently no accounts established or processed through this broker-dealer. All brokerage commissions earned by an associated person of WEAS in the associated person's individual capacity as a Registered Representative of LPL Financial are paid from LPL Financial to WEBS. Therefore, while WEAS's associated persons do not conduct business through WEBS, some of the associated persons are licensed as Registered Representatives of WEBS. Certain product sponsors may provide WEAS and/or its associated persons with other economic benefits as a result of sales activities directed to the sponsors, including but not limited to: financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, tools to assist WEAS and/or its associated persons in providing various services to clients such as reporting programs and portfolio analysis and direction of brokerage transactions to LPL Financial. Any hard dollars received in the form of reimbursements or other marketing support is paid to WEBS through LPL Financial.

WEAS is under common control with several registered broker-dealers. The relationship between WEAS and these registered broker-dealers is not material to the advisory business of WEAS. Clients of WEAS are not clients of these registered broker-dealers and therefore they receive no services from these registered broker-dealers.

#### **Relationship with Unaffiliated Investment Advisor**

WEAS Financial Advisors may also be Registered Representatives of LPL Financial, LLC, which besides being a broker-dealer, is also an investment advisor registered with the U.S. Securities and Exchange Commission. However, all accounts and advisory services to clients are through WEAS by means of a direct or three-party agreement. This agreement also enables WEAS to offer LPL Financial Investment Advisory Platform accounts to WEAS clients. WEAS clients investing in these LPL Financial Investment Advisory Platforms will be required to complete a three-party agreement between the client, WEAS and LPL Financial. A description of the WEAS offered LPL Financial Investment Advisory Platforms is described in the WEAS ADV Part 2A Supplement, which is titled: Wealth Enhancement Advisory Services, LLC, information relating to advisory services offered with the assistance of LPL Financial. WEAS Financial Advisors share in advisory fees earned by WEAS. WEAS has related persons who are investment advisors. WEAS is under common control with several SEC registered investment advisors. The relationship between WEAS and its related investment advisors is not material to its advisory business because clients of WEAS are not clients of these other investment advisors and the related investment advisor firms provide no services to WEAS clients.

#### **WEAS Financial Advisors Also Insurance Agents**

WEAS Financial Advisors providing advice may be licensed insurance agents. Normal commissions from insurance products are earned and paid by insurance companies to WEAS Financial Advisors when such products are placed directly with their personal clients. Insurance products offered through various insurance vendors are often recommended to clients of WEAS to minimize clients' exposure to identified risks.

Although clients are under no obligation to purchase insurance products or utilize the companies recommended by WEAS, clients often do purchase such products when the needs arise. For clients of WEAS who do purchase such products, causing commissions or recurring revenue to be generated, such commissions or recurring revenue are paid to the WEAS Financial Advisors.

### **Other Financial Industry Activity**

The Chief Operating Officer (COO) of WEAS serves on the Schwab Advisor Services Technology, Operations and Service Advisory Board (the "Board"). As described under Item 12 of this Form ADV Part 2A, WEAS may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") to maintain custody of the clients' assets and effect trades for their accounts. The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions about Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for a three-year term. The COO's term ends January 2017. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Board members are not compensated by Schwab for their service, but Schwab may pay for or reimburse Board members' travel, lodging, meals and other incidental expenses incurred while attending Board meetings.

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

### **Code of Ethics Summary and Offer**

Section 204A-1 of the Investment Advisers Act of 1940 requires all Investment Advisors to establish, maintain and enforce a Code of Ethics. WEAS has established a Code of Ethics that will apply to all of its supervised persons. An Investment Advisor is considered a fiduciary according to the Investment Advisers Act of 1940. As a fiduciary, it is an Investment Advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. WEAS has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for WEAS's Code of Ethics, which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. WEAS requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation, and annually, all supervised persons will sign an acknowledgment that they have read, understand and agree to comply with WEAS's Code of Ethics. WEAS has the responsibility to make sure that the interests of all clients are placed ahead of WEAS's or its supervised person's own investment interests. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. WEAS and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of WEAS's Code of Ethics. Clients may review the WEAS Code of Ethics in its entirety by written request.

### **Annual Review of Supervisory Procedures and Systems**

WEAS, per Securities and Exchange Commission guidelines, performs an annual review of its Code of Ethics, supervisory procedures, and systems to ensure that procedures, client interactions, Investment Management Department functions, compliance controls, and reporting systems are properly aligned and operating in a regulatory compliant manner.

### **Personnel Trading Policy**

From time to time WEAS or one or more of its supervised persons may purchase or own the same securities and investments that WEAS and/or the client's WEAS Financial Advisor recommends to the client. The fact that WEAS supervised persons may have personal accounts is a conflict of interest due to

the potential that a WEAS Financial Advisor may devote more time to monitoring his/her personal accounts as opposed to spending that time on the review and monitor of client accounts. In addition, there is a potential that WEAS Financial Advisors may favor their personal accounts over client accounts. When the recommendation to the client involves individual stocks, stock options, bonds, and other general securities there could be a conflict of interest with the client because the WEAS Financial Advisor may engage in practices such as front-running, scalping, and other activities that are potentially detrimental to clients.

WEAS has adopted policies and procedures to ensure that such conflicts are fully disclosed and that neither WEAS, its Financial Advisors nor supervised persons may trade ahead of, or otherwise against, the interest of clients. It is the policy of WEAS that the interests of client accounts are placed ahead of the interests of WEAS accounts and personal accounts of WEAS supervised persons.

At times the interests of WEAS or related persons' investment accounts may coincide with the interests of clients' accounts to the extent that a purchase or sale in the same security may benefit both a related person and a client. However, at no time will WEAS or any related person receive an added benefit or advantage over clients with respect to these transactions. In any case, WEAS will generally be "last in" and "last out" for the trading day.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of WEAS's staff, the Code requires such "access persons" to obtain preapproval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for client accounts. The Code also establishes certain bookkeeping requirements relating to federal reporting rules. The Code is required to be reviewed annually and updated as necessary.

The foregoing policies and procedures are not applicable to: (1) transactions in any account for which neither WEAS nor its advisory affiliates has any direct or indirect influence or control; and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

WEAS recognizes that some securities being considered for purchase or sale on behalf of its clients' trade are in sufficiently broad markets to be without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to WEAS's Code of Ethics.

WEAS has also established policies and procedures to ensure that its supervised persons control for conflicts of interest and comply with applicable provisions of The Insider Trading and Securities Fraud Enforcement Act of 1988 (ITSFEA). To avoid control for conflicts of interest with clients and to ensure compliance with ITSFEA, WEAS, among other things, does the following:

- Provides ongoing continuing education regarding avoiding conflicts of interest and complying with ITSFEA.
- Requires supervised persons to report quarterly securities trading in personal accounts for covered securities (i.e. individual stocks, bonds, ETF's).
- Prohibits supervised persons from executing securities transactions for clients or on their personal accounts based on information that is not available to the public upon reasonable inquiry.
- Informs clients that they are not required to purchase securities through WEAS or its Financial Advisors, although if they choose to purchase securities through their WEAS Financial Advisor, the transaction must be effected through a WEAS approved trading platform.

## **Item 12 – Brokerage Practices**

### **Recommendation of LPL Financial**

Clients wishing to implement WEAS's financial planning advice are free to select any Broker-Dealer or Investment Advisor they wish and are so informed. When clients decide to implement advice through a WEAS Financial Advisor, the client will be required to establish an account through a trading platform that is approved by WEAS.

As previously stated, WEAS Financial Advisors may also be Registered Representatives of LPL Financial LLC. Dually registered WEAS Financial Advisors are restricted by certain FINRA rules and policies from maintaining client accounts at or executing client transactions in such client accounts through any Broker-Dealer or custodian that is not approved by LPL Financial. Therefore, trading platforms must be approved not only by WEAS, but also by LPL Financial.

It should be noted that not all Investment Advisors require their clients to use specific or particular Broker-Dealers or other custodians required by the Investment Advisor.

Clients are under no obligation to purchase or sell securities through the WEAS Financial Advisors, in their separate capacities as Registered Representatives of LPL Financial. However, if they choose to implement an investment plan through LPL Financial, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at LPL Financial than other Broker-Dealers. Under the rules and regulations of FINRA, LPL Financial has the obligation to perform certain supervisory functions regarding certain aspects of the advisory activities of Independent Advisor Representatives (IARs) who are also Registered Representatives of LPL Financial. Registered Representatives may be restricted to offering those products and services that have been reviewed and approved for offering to the public.

Because WEAS associated persons are also Registered Representatives of LPL Financial, LPL Financial provides compliance and supervision support to the associated persons of WEAS. In addition, LPL Financial also provides the associated persons of WEAS, and therefore WEAS, with back-office operational, technology, and other administrative support.

### **Arrangement with Charles Schwab & Company, Inc.**

Although WEAS will choose from a variety of mutual funds when making recommendations and acting on behalf of clients, it will usually place transaction orders for client managed accounts with Charles Schwab & Company, Inc. (Schwab).

While WEAS will make attempts to consider the entire universe of available fund managers, at times WEAS will be limited to the available options on the various custody platforms. WEAS will attempt to add any fund manager that WEAS determines would be beneficial to a WEAS client by working with the individual fund companies and custody platforms to provide the investment as an option. WEAS makes no guarantee that it will be successful in adding the investment option or that the fund company will agree to allowing WEAS access to the investment.

WEAS, at times, may at its discretion negotiate lower minimum purchase and/or trading fees amongst its asset managers. This may be a conflict of interest if certain asset managers have lower investment amounts and/or fees. As with most investments there could be better providers of funds and managers than what WEAS chooses to use, however, one of the responsibilities of WEAS is to manage cost related to client investments, which is to the benefit of the client.

Custody firms carry client accounts on their records, process transactions ordered by WEAS, provide computer access to WEAS for client positions, and provide quotes and data needed by WEAS for its reports to clients. These services are provided to WEAS at no cost. WEAS believes that use of these firms is a convenient means of obtaining efficient transaction executions, account reference and reporting

services. However, receipt of such services also creates an inducement and conflict of interest for WEAS, since referring clients to any other firms may result in higher reporting and overhead costs to WEAS. Clients are under no obligation to purchase or sell securities through WEAS Financial Advisors and the Schwab platform. However, if they choose to implement an investment plan through WEAS and use the Schwab platform, commissions may be charged in addition to any fees charged for advisory services. Commissions charged by Schwab may be higher or lower than at other Broker-Dealers.

### **Schwab Institutional Platform**

WEAS participates in Charles Schwab & Company's Schwab Institutional (SI) service program. As a result of this arrangement, WEAS will generally require clients to establish brokerage accounts with the Schwab Institutional (Schwab) division of Charles Schwab & Co., Inc., a registered broker-dealer, member FINRA and SIPC, to maintain custody of clients' assets and to effect trades for their accounts. It should be noted that not all investment advisors require the use of a specific broker-dealer. However, for compliance and operational efficiency purposes, WEAS has made the decision to work with Schwab.

WEAS is independently owned and operated and not affiliated with Schwab. Schwab provides WEAS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge so long as a total of at least \$10 million of the investment advisor's clients' assets are maintained in accounts at Schwab and is not otherwise contingent upon WEAS committing any specific amount of business (assets in custody or trading) to Schwab.

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 WEAS clients' accounts maintained in Schwab 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 to WEAS other products and services that benefit WEAS but may not benefit its clients' accounts. Some of these other products and services assist WEAS in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of WEAS's fees from its clients' 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 WEAS's accounts, including accounts not maintained at Schwab. Schwab also makes available to WEAS other services intended to help WEAS 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 WEAS by an independent third party providing these services to WEAS. Schwab may also provide WEAS with other benefits such as occasional business entertainment of WEAS personnel. While as a fiduciary WEAS endeavors to act in its clients' best interests, and WEAS's general requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to WEAS 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, this may create a potential conflict of interest. The benefits WEAS receives through participation in the Schwab platform do not depend upon the amount of transactions directed to Schwab.



## **Schwab Referrals**

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

WEAS 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 WEAS is a percentage of the fees the client owes to WEAS or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. WEAS 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 WEAS quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by WEAS and not by the client. WEAS has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs WEAS charges clients with similar portfolios who were not referred through the Service.

WEAS 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 solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time 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 Advisor generally would pay in a single year. Thus, WEAS 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 WEAS' clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, WEAS will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit WEAS' fees directly from the accounts.

For accounts of WEAS clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from WEAS 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-dealer's fees. Thus, WEAS may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. WEAS 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 WEAS's other clients. Thus, trades for accounts with custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

## **Benefits Agreement with Charles Schwab & Company, Inc.**

WEAS has entered into a Benefits Agreement (Agreement) with Charles Schwab & Company, Inc. (Schwab) whereby Schwab has agreed to provide assistance with technology-related expenses in the amount of \$335,000 in calendar year 2015. The technology-related expenses include, but are not limited to, trading software and investment management technology from a third party. The expense is for services provided by the third party during contract year 2015. The Agreement is based upon the expectation that WEAS maintain at least \$1.6 billion in statement equity at Schwab within the next twelve (2015) months, on a best efforts basis and consistent with WEAS's best execution obligations. WEAS and Schwab reserve the right to enter into a new benefits agreement after the Agreement term. The

Agreement is subject to modification or termination by Schwab, in its sole discretion, at any time six months or more from the date of the Agreement. Schwab may terminate the Agreement at any time in its sole discretion without advance notice if Schwab believes that the terms and conditions of the Agreement are inconsistent with applicable law or if WEAS has breached the Agreement.

Tamarac Inc. (Tamarac) is the third-party trading software and investment management technology vendor selected by WEAS. WEAS selected Tamarac to replace a trading service formerly provided by Schwab. As a third-party vendor, Tamarac trading software and investment management technology is not limited to the Schwab custody platform and supports many other custody platforms. Therefore, the use of Tamarac does not limit WEAS from using other custody platforms if WEAS decides, at its sole discretion, to do so.

WEAS has entered into a Benefits Agreement (PortfolioCenter® Agreement) with Charles Schwab & Company, Inc. (Schwab) whereby Schwab has agreed to provide assistance with the expense for software solutions provided by Schwab Performance Technologies®. The assistance is in the form of a discount of up to \$11,500 for PortfolioCenter® services. WEAS and Schwab reserve the right to enter into a new benefits agreement after the PortfolioCenter® Agreement term. Schwab has the right to terminate the PortfolioCenter® Agreement, without payment of penalty, at any time by providing written notice to WEAS.

The placement of equity assets and any associated transactions with Schwab will generate commissions retained by Schwab to defray Schwab's cost of the above detailed agreements. However, the volume of transactions effected by WEAS for client accounts is done solely based on WEAS clients' needs and not by any requirement to generate commissions to cover the cost of the agreements.

The fact that WEAS relies on the commissions (and other fees) paid by our clients to Schwab to reimburse the cost of the Agreement, and to receive other benefits and services from Schwab, is a benefit to WEAS because WEAS does not have to pay for the services ourselves. An investment advisor should recommend broker-dealers based exclusively on the best interests of its clients. The fact that WEAS receives certain benefits from Schwab is clearly an incentive for us to recommend the use of Schwab to our clients rather than making such a decision based exclusively on the best interests of our clients. However, as stated above, the services, tools and benefits received from Schwab are used to assist WEAS in providing investment management services that certainly benefit our clients.

In the event any future products or services received from benefit arrangements have a non-research purpose (if they may be used for billing or marketing, for example), WEAS will make a good faith determination of the non-research usages as required by Section 28(e) of the Securities Exchange Act of 1934. In such cases, WEAS allocates the purchase price between soft dollars (i.e., brokerage commissions) and hard dollars for the appropriate percentage of research and non-research usage, respectively.

#### **Arrangement with Raymond James Financial Services, Inc.**

WEAS may recommend clients establish brokerage accounts with Raymond James Financial Services, Inc. (RJFS), a FINRA member. RJFS provides WEAS with access to its institutional trading and operations services, which typically are not available to RJFS retail customers. These services are generally available, without cost, to financial advisory firms who maintain a minimum threshold of client assets with RJFS.

Services provided by RJFS to WEAS include research (including mutual fund research, third-party research, and Raymond James & Associates, Inc.'s (RJA) proprietary research), brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, RJFS makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to WEAS from client accounts,

assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and client reporting. RJFS also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and RJFS corporate discounts. Many of these services may be used to service all or a substantial number of WEAS's accounts, including accounts not maintained at RJFS. RJFS may also make available to WEAS, other products and services that benefit WEAS but may not benefit its clients' accounts. RJFS may also provide WEAS with other benefits such as occasional business entertainment of WEAS personnel.

RJFS may also provide WEAS with other services intended to help WEAS manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, RJFS may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

RJFS is recognized as a full-service registered broker-dealer and registered investment adviser. WEAS has no formal relationship with RJFS for client referrals and receives no compensation from RJFS (other than the services and arrangements described herein) for accounts opened by firm clients. On an informal basis, RJFS occasionally may make referrals to WEAS as a courtesy or accommodation. Nothing of value, monetary or otherwise, is given, paid, or received in exchange for such referrals.

WEAS utilizes RJFS for custody of customer assets and execution of customer transactions. RJA, a corporate affiliate of RJFS and member of the New York Stock Exchange and the Securities Investor Protection Corporation, acts as the clearing agent in the execution of securities transactions placed through RJFS. WEAS, subject to its best execution obligations, may trade outside of RJFS. In the selection of broker-dealers, WEAS may consider all relevant factors, including the commission rate, the value of research provided, execution capability, speed, efficiency, confidentiality, familiarity with potential purchasers and sellers, financial responsibility, responsiveness, and other relevant factors. WEAS has retained and will compensate RJFS and/or RJA to provide various administrative services which include determining the fair market value of assets held in the account at least quarterly and producing a brokerage statement and performance reporting for client detailing account assets, account transactions, receipt and disbursement of funds, interest and dividends received, and account gain or loss by security as well as for the total account.

### **RJFS Transaction-Based Fee Accounts**

Fees for the account include all execution charges except (1) certain dealer mark-ups and odd-lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchange Act of 1934 and any other charges imposed by law with regard to transactions in the account, (2) offering concessions and related fees for purchases of money market mutual funds and other public offerings of securities as more fully disclosed in the prospectus; and (3) certain legal transfer fees. Client may also incur charges for other account services provided by RJFS, through RJA, not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for transfers of securities. In no event will RJFS be obligated to execute any transaction that would violate state or federal law or regulation of any self-regulatory organization of which RJFS is a member. Further, RJFS may designate certain investments that cannot be held in a client's account.

Except as otherwise provided, RJFS's responsibility is limited to executing transactions pursuant to the direction of WEAS. RJFS has not assisted in the selection of WEAS and the client has the sole and exclusive responsibility for the selection of WEAS. The client agrees that WEAS is solely responsible for the management of client's portfolio. Client has authorized WEAS as its agent and attorney-in-fact to buy and sell securities or other investments for the account, or engage other investment advisers, including those affiliated with RJFS, and that any engagement is solely at the direction of firm as WEAS deems appropriate. In the event that another investment advisor has been selected by WEAS to assist WEAS in providing investment services to client, the investment advisor will act as sub-advisor to WEAS and WEAS will act as the client's investment advisor. Except as otherwise provided, WEAS is authorized to act for client in the same manner and with the same force and effect as client might or could do with respect to transactions for the account, as well as with respect to all other things necessary or incidental to purchases or sales for the account, except that WEAS is not authorized to withdraw any money, securities or other property either in the name of the client or otherwise. WEAS has agreed to indemnify and hold harmless RJFS, RJA, and their officers, directors, associates, agents, employees, and affiliates from any losses, costs (including attorney's fees), indebtedness, and liabilities arising from actions directed by client or WEAS. This indemnification agreement is a continuing one and shall remain in full force and effect until terminated in writing.

### **RJFS Asset-Based Fee Accounts**

Fees for a client's account include all execution charges, but may exclude as applicable the following fees: (1) certain dealer mark-ups and odd-lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchange Act of 1934 and any other charges imposed by law with regard to transactions in the account, (2) offering concessions and related fees for purchases of money market mutual funds and other public offerings of securities as more fully disclosed in the prospectus; and (3) certain legal transfer fees.

The Services Agreement may be terminated by the client or WEAS at any time upon providing written notice pursuant to the provisions of the Services Agreement. There is no penalty for terminating the client's account. Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee that is not utilized. WEAS will not accept instructions to terminate the agreement unless such instructions are provided in writing by the client.

### **Benefits Agreement with Raymond James Financial Services, Inc.**

WEAS has entered into a Benefits Agreement (Agreement) with Raymond James Financial Services, Inc. (RJFS) whereby RJFS has agreed to provide assistance with technology-related expenses in the amount of \$30,000 in calendar year 2015. The technology-related expenses include, but are not limited to, trading software and investment management technology from a third party. The expense is for services provided by the third party during contract year 2015. WEAS and RJFS reserve the right to enter into a new

benefits agreement after the Agreement term. The Agreement is subject to modification or termination by RJFS, in its sole discretion, at any time.

Tamarac Inc. (Tamarac) is the third-party trading software and investment management technology vendor selected by WEAS. WEAS selected Tamarac to replace a trading service formerly provided by Schwab. As a third-party vendor, Tamarac trading software and investment management technology is not limited to the RJFS custody platform and supports many other custody platforms. Therefore, the use of Tamarac does not limit WEAS from using other custody platforms if WEAS decides, at its sole discretion, to do so.

The placement of equity assets and any associated transactions with RJFS will generate commissions retained by RJFS to defray RJFS' cost of the above detailed agreements. However, the volume of transactions effected by WEAS for client accounts is done solely based on WEAS clients' needs and not by any requirement to generate commissions to cover the cost of the agreements.

The fact that WEAS relies on the commissions (and other fees) paid by our clients to RJFS to reimburse the cost of the Agreement, and to receive other benefits and services from RJFS, is a benefit to WEAS because WEAS does not have to pay for the services ourselves. An investment advisor should recommend broker-dealers based exclusively on the best interests of its clients. The fact that WEAS receives certain benefits from RJFS is clearly an incentive for us to recommend the use of RJFS to our clients rather than making such a decision based exclusively on the best interests of our clients. However, as stated above, the services, tools and benefits received from RJFS are used to assist WEAS in providing investment management services that certainly benefit our clients.

In the event any future products or services received from benefit arrangements have a non-research purpose (if they may be used for billing or marketing, for example), WEAS will make a good faith determination of the non-research usages as required by Section 28(e) of the Securities Exchange Act of 1934. In such cases, WEAS allocates the purchase price between soft dollars (i.e., brokerage commissions) and hard dollars for the appropriate percentage of research and non-research usage, respectively.

### **Client Directed Brokerage Arrangements**

In limited cases and contingent on the approval of WEAS, a client may be able to direct that transactions for certain WEAS services should be executed through a specific broker (the Directed Broker). In selecting the Directed Broker, the client agrees to the commission rates and other transaction costs of the Directed Broker. Although the client has agreed to the use of the Directed Broker by WEAS, the client agrees that WEAS will not be required to effect any transaction through the Directed Broker if WEAS reasonably believes that to do so may result in a breach of its duties as a fiduciary. A client also confirms that by instructing WEAS to execute all transactions on behalf of the account through the Directed Broker, the client may not necessarily obtain commission rates and executions as favorable as those that would be obtained if WEAS were able to place transactions with other broker-dealers. A client may also forego benefits that WEAS may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades. WEAS may aggregate transactions for a client with other clients to improve the quality of the execution. When transactions are so aggregated, the actual prices applicable to the aggregated transaction will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in client accounts, WEAS works with the custody firm to determine an appropriate breakdown. WEAS managed accounts will be opened through Schwab, Raymond James Financial Services, and directly at variable annuity sponsor companies approved by WEAS.

## **Trade Errors**

WEAS Trade Errors/Account Discrepancies: Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

From time to time an error may occur in submitting a trade order on behalf of the client. When this occurs, WEAS may place a correcting trade with the broker-dealer that has custody of the account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless: (1) the same error involved other client account(s) that should have received the gain; (2) it is not permissible for client to retain the gain; or (3) we confer with client and client decides to forego the gain. If a loss occurs, the client or WEAS will pay for the loss depending on how the error occurred. (If Schwab is the custodian, then Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense.) Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

## **Client Aggregated Purchases and Sales**

WEAS will, at times, aggregate purchases and/or sales when rebalancing or adjusting an MEP ETF model portfolio, WEAS Access Program Model, ETF Model, or when trading Individual Securities.

## **Item 13 – Review of Accounts**

Investment Management involves frequent monitoring and occasional rebalancing of client portfolios at both the individual account level and/or at the household level. Please refer to Item 4 (Portfolio Rebalancing) for more information. This generally occurs at least quarterly (or as often as the client may prefer) and reviews of portfolio assets and client contact at least on an annual basis. The reviewers will be WEAS Financial Advisors under the direction of the Investment Department and WEAS's Investment Committee. The Investment Committee consists of WEAS senior investment personnel. The WEAS Financial Advisor and the Investment Committee will examine investment results, asset allocation, client objectives, time horizons and risk tolerance to ensure the investment plans continue to conform to the clients' needs. Clients are required to immediately notify WEAS of any changes in the client's financial status as new information may result in an update in the investment strategies.

WEAS has a dedicated Financial Planning department that generates financial plans based on the client's goals and objectives that have been discussed with the WEAS Financial Advisor. The Financial Planning department actually prepares the financial plans with review then by the WEAS Financial Advisor prior to the presentation of the plan to the client. These Financial Plans are also reviewed as part of the WEAS client review process.

Financial Planning Services provide advice on retirement, tax and estate planning, as well as insurance issues. Planning Services terminate upon delivery of the Plan. A new agreement can be executed at any time to secure Investment Management Services. The advice given may include the recommendation of annual reviews/updates to existing plans. The client is responsible to update goals or secure additional services as may be needed.

Clients may also secure general Investment Consultation Services. Consultation Services terminate upon delivery of the requested advice. Clients are welcome to secure additional Consultation Services as may be needed and under an amended engagement.

Administrative personnel may assist with computer data entry. All decisions, account reviews and primary client contacts are conducted by WEAS Financial Advisors.

At least annually, WEAS will contact clients to offer the client a review of investments, investment manager performance and ongoing needs. The client reviews are noted in our client relationship management system (CRM). Various reports are generated for client review, which the WEAS Financial Advisor shares and discusses with the client during the review. The outcome of the review is noted in our CRM. Clients are encouraged to contact WEAS promptly if there has been any change in the client's financial status, to determine if there should be a change in investment objectives and investment strategies WEAS employs. Clients may contact their WEAS Financial Advisor at any time during normal business hours to discuss the client's account, financial situation or investment needs. Clients may impose reasonable restrictions on the client's account.

Clients receiving Investment Management Services receive standard quarterly, and as transactions may occur, account statements from investment sponsors and broker-dealer firms providing custody and transaction services. WEAS prepares quarterly asset management reports for Investment Management Services clients, which include a consolidated summary of the client's accounts (including accounts that are not part of the assets managed by WEAS), a valuation of the assets and a performance report for the assets managed by WEAS. WEAS is reimbursed by LPL Financial for the expense associated with the generation and mailing of quarterly asset management reports for WEAS clients.

Clients in the SEI Program will receive monthly statements from SEI Trust Company indicating holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices, is also available if the investor elects to receive it. Annually, the client will receive a tax report for the account.

Financial Planning Services and Consultation Services clients receive plans and/or reports as agreed to in advance between the client and their WEAS Financial Advisor.

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

### **Other Compensation**

Some of the WEAS associated persons are also independently licensed insurance agents, who can sell insurance products, and earn commissions when selling insurance products.

WEAS Financial Advisors are Registered Representatives of LPL Financial LLC, a registered Broker-Dealer, Member FINRA and SIPC. WEAS's associated persons sell securities in their separate capacity as Registered Representatives of LPL Financial. WEAS Financial Advisors may suggest that clients place securities transactions through LPL Financial. If client transactions are executed through LPL Financial, WEAS Financial Advisors, LPL Financial and Wealth Enhancement Brokerage Services will share the normal commissions on investments, thus a conflict of interest exists between the WEAS Financial Advisor's interests and that of the client. Clients are under no obligation to purchase products WEAS Financial Advisors may recommend through LPL Financial or various insurance companies.

Certain programs offered by WEAS Financial Advisors involve investments in mutual funds that are offered by LPL Financial. The load and no-load mutual funds may pay annual distribution expenses, sometimes referred to as "12b-1 fees" named after the statutory section authorizing such payments. These 12b-1 fees come from fund assets, and thus indirectly the clients' assets. These fees may initially be paid to LPL Financial and be partially re-allowed to WEAS Financial Advisors giving advice. The receipt of these fees represents an incentive to purchase funds with 12b-1 fees or higher 12b-1 fees over

those with no or lower fees. WEAS Financial Advisors will not receive any portion of any other transaction or administrative fees. Since WEAS Financial Advisors may receive a commission on load funds, this may represent incentive to recommend load funds in favor of funds without a load.

WEAS and/or its Financial Advisors may be eligible to receive incentive-based awards such as trips to LPL Financial Educational Conference or trips to conferences and seminars conducted by product sponsors. From time to time, WEAS may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

There are no solicitor arrangements with product sponsors in place at WEAS. WEAS's affiliated company, Wealth Enhancement Brokerage Services, LLC, a limited use broker-dealer, has arrangements with LPL Financial to receive distribution fees related to the sale of certain investment products. WEAS associated persons endeavor at all times to put the interest of the clients first as a part of their fiduciary duty. However, clients should be aware that the receipt of additional compensation through 12b-1 fees, servicing fees, nominal sales awards and/or expense reimbursements creates a conflict of interest that may impact the judgment of the associated persons when making advisory recommendations.

WEAS and/or its Financial Advisors may be incented to join and remain affiliated with LPL and WEAS may be incented to utilize different broker/dealer-qualified custodian platforms through certain compensation arrangements which could include, but not be limited to: bonuses, enhanced pay-outs, forgivable loans and/or business transition loans, and transition assistance/reimbursement. Furthermore, there may or may not be production goals associated with the recommendation of a transaction from your WEAS Financial Advisor. The receipt of any such compensation may be considered to be a conflict of interest in that the recommendation of LPL or other broker/dealer-qualified custodians are based on such compensation and perhaps not based exclusively on attaining the best possible execution for our client transactions. We encourage you to review this Form ADV Part 2A closely and discuss any potential conflicts of interest with your WEAS Financial Advisor.

### **Compensation Paid for Client Referrals**

WEAS may have relationships with persons who provide client referrals to WEAS and WEAS may choose to compensate them for referrals. If a compensation arrangement exists, the relationship will be outlined in a formal written agreement between WEAS and the referring individual. In the applicable cases, a Solicitor Disclosure Agreement and statements will be provided to the referred advisory clients defining the program and the fee payment structure. The fees paid by advisory clients referred to WEAS will not be affected by the payments to persons who have made referrals.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure that proper procedures are implemented.

WEAS is deemed to have custody of client funds and securities whenever WEAS is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody WEAS will maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.



For accounts in which WEAS is deemed to have custody, WEAS has established procedures to ensure that all client funds and securities are held at a qualified custodian (for example, Charles Schwab and Raymond James Financial Services) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, and to the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from WEAS. When clients have questions about their account statements, they should contact WEAS or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

Upon receiving written authorization from a client, WEAS can provide discretionary investment management services for client accounts. When discretionary authority is granted, it is limited to discretionary trading authority, but in some cases may include the authority to determine commission rates paid by the client. When discretionary trading authority is granted, WEAS will have the authority to determine the type of securities and the amount of securities that can be bought or sold in an account without obtaining the client's consent prior to each transaction. Clients have the ability to leave standing instructions with WEAS to refrain from investing in a particular industry, to limit the amounts of specific securities, to request third-party checks, and to re-balance portfolios. WEAS's discretionary authority will be granted by the client in the Investment Management Services client agreement.

If the client decides to grant trading authorization on a *non-discretionary* basis, the WEAS Financial Advisor is required to contact the client prior to implementing changes in the client's account. Therefore, the client will be contacted and required to accept or reject the WEAS Financial Advisor's investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, WEAS will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If the client's accounts are managed on a non-discretionary basis, the client needs to know that if they are not able to be reached or are slow to respond to the WEAS Financial Advisor, it can have an adverse impact on the timing of trade implementations and the WEAS Financial Advisor may not achieve the optimal trading price.

For certain third-party manager programs, WEAS is granted discretionary authority to recommend replacement of a separate account manager from another available manager in the program. Separate account managers are granted discretionary trading authority to purchase and sell securities they select as they deem appropriate.

### **Item 17 – Voting Client Securities**

#### **General Policy**

It is our policy to *not* vote proxy proposals on behalf of clients. The Service Agreements used by WEAS and clients explicitly state that WEAS does *not* have the authority to vote a client's proxies. Clients therefore retain exclusive authority to vote all proxy proposals that the client may receive. Should WEAS receive any proxy or legal proceeding materials for a client, it shall forward the materials to that client.

In addition, WEAS will *not* provide any advice to the client as to how the client should vote proxies. WEAS and its Financial Advisors, as a general matter, will not provide any advice to the client related to legal proceedings involving securities or other investments in the client's account.

### **Third-Party Asset Manager Programs**

Depending upon the Third-Party Asset Manager (TPAM) Program selected for the client, the client may delegate authority to the TPAM to vote proxies on behalf of the client. Where the client has appointed a TPAM with discretionary authority to vote proxies, WEAS and its Financial Advisors will not have the authority to vote proxy proposals on behalf of the client, nor will WEAS and/or its Financial Advisors provide advice with respect to any legal proceedings. Should WEAS receive any proxy or legal proceedings materials for a client, it shall forward the materials to that client. Clients may obtain answers to questions they have regarding this Policy by contacting WEAS.

### **Item 18 – Financial Information**

This item is not applicable to the WEAS Disclosure Brochure as we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Additionally, WEAS is not required to include a balance sheet for our most recent fiscal year. Finally, WEAS is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients and we have not been the subject of a bankruptcy petition at any time.

# Wealth Enhancement Advisory Services

## ADV Part 2B Brochure Supplement

This brochure supplement provides information about James Cahn, Craig Swanson, Kelli Liepke, Miao Yang, Daren Larson and Daniel Levine that supplements the Wealth Enhancement Advisory Services ADV Part 2A brochure. You should have received a copy of that brochure. If you have any questions or if you did not receive the Wealth Enhancement Advisory Services (also referred to as “WEAS”) ADV Part 2A brochure, please contact us in writing: Wealth Enhancement Advisory Services, LLC, Attention: RIA Operations, 505 North Highway 169, Suite 900, Plymouth, MN 55441.

### Item 1 – General Information

Office location: 505 North Highway 169, Suite 900, Plymouth, MN 55441  
Phone number: 763-417-1700

### Item 2 – Investment Management Department Member - Name, Title, DOB and Educational Background and Business Experience

<b>NAME: James Cahn</b>	<b>TITLE: Chief Investment Officer</b>	<b>DATE OF BIRTH: 06/04/1980</b>
<b>EDUCATIONAL BACKGROUND:</b> Master of Business Administration; University of Chicago Booth School of Business, Chicago, IL: 2009 Bachelor of Science in Economics and Performance Studies; Northwestern University, Evanston, IL: 2002		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Executive Vice President, 04/2012 to present Wealth Enhancement Advisory Services, LLC, Executive Vice President, Chief Investment Officer, 04/2012 to present LPL Financial LLC, Registered Representative, 04/2012 to present Wealth Enhancement Brokerage Services, LLC, Registered Representative, 05/2012 to present Vestian Group Inc., Chief Investment Officer/Portfolio Manager, 05/2009 to 04/2012 Wanger Investment Management, Inc., Senior Vice President, 08/2007 to 05/2009		
<b>NAME: Craig A. Swanson</b>	<b>TITLE: Investments and Trading Manager</b>	<b>DATE OF BIRTH: 11/03/1970</b>
<b>EDUCATIONAL BACKGROUND:</b> Master of Business Administration; Columbia University, New York, NY: 2002 Bachelor of Arts in Psychology; University of Minnesota, Minneapolis, MN: 1993		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Manager, 2004 to 2006, 2009 to present Wealth Enhancement Advisory Services, LLC, Investments and Trading Manager, 2004 to 2006, 2009 to present LPL Financial LLC, Registered Representative, 01/2010 to present Wealth Enhancement Brokerage Services, LLC, Registered Representative, 03/2010 to present SII Investments, Inc., Registered Representative, 2004 to 2006		
<b>NAME: Kelli Liepke</b>	<b>TITLE: Trading Associate</b>	<b>DATE OF BIRTH: 11/12/1979</b>
<b>EDUCATIONAL BACKGROUND:</b> Bachelor of Arts in Biology; University of St. Thomas, St. Paul, MN: 2009		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Associate, 02/2011 to present Wealth Enhancement Advisory Services, LLC, Trading Associate, 02/2011 to present LPL Financial, LLC, Registered Representative, 12/2010 to present Wealth Enhancement Brokerage Services, LLC, Registered Representative, 01/2011 to present Securian Financial Services, Inc., Registered Representative, 07/2006 to 12/2010 North Star Consultants, Agent, 06/2006 to 12/2010		
<b>NAME: Miao Yang</b>	<b>TITLE: Portfolio Analytics Analyst</b>	<b>DATE OF BIRTH: 04/25/1988</b>
<b>EDUCATIONAL BACKGROUND:</b> Master of Science in Finance; Illinois Institute of Technology Stuart School of Business, Chicago, IL: 2012 Bachelor of Science in International Finance; Tianjin University of Finance and Economics, Tianjin, China: 2010		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Associate, 08/2012 to present Wealth Enhancement Advisory Services, LLC, Portfolio Analytics Associate, 08/2012 to present		
<b>NAME: Daren Larson</b>	<b>TITLE: Investment Associate</b>	<b>DATE OF BIRTH: 04/29/1987</b>
<b>EDUCATIONAL BACKGROUND:</b> Bachelor of Science in Finance and Economics, University of Wisconsin, La Crosse, WI: 2009		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Associate, 03/2013 to Present Wealth Enhancement Advisory Services, LLC, Investment Associate, 03/2013 to Present US Bank, Global Trade Representative, 2010 to 2013		

<b>NAME: Daniel Levine</b>	<b>TITLE: Assistant to Trading Associate</b>	<b>DATE OF BIRTH: 03/21/1990</b>
<b>EDUCATIONAL BACKGROUND:</b> Bachelor of Science in Applied Economics, University of Minnesota, Minneapolis, MN: 2012		
<b>BUSINESS BACKGROUND:</b> Wealth Enhancement Group, LLC, Associate, 12/2013 to Present Wealth Enhancement Advisory Services, LLC, Investment Associate, 03/2013 to Present LPL Financial, Registered Representative, 2014 to Present Wealth Enhancement Brokerage Services, LLC, Registered Representative, 2014 to Present The Mergis Group, Financial Services Contractor, 04/2013 – 12/2013 Bremer Bank, Client Service Associate, 08/2012 – 04/2013 Northwestern Mutual, Financial Representative Intern, 04/2011 – 01/2012		

### Item 3 – Disciplinary Information

None of the investment management department members noted above has any legal or disciplinary events to report.

### Item 4 – Other Business Activities

#### Activity 1 – Registered Representative of LPL Financial

Although WEAS does not sell products or services other than investment advice, members of the investment management department may also be separately licensed as a Registered Representative with LPL Financial, a registered securities broker-dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

WEAS and LPL Financial are *not* affiliated companies. This means the two companies are not under common ownership or owned by each other.

When not acting in their separate capacity as a Registered Representative of LPL Financial, the investment management department members listed above are responsible for economic analysis, portfolio management, and the composition and allocation of portfolios at Wealth Enhancement Advisory Services LLC along with the day-to-day trading of all portfolios.

Clients are never obligated or required to establish accounts through WEAS or LPL Financial. However, if a client does not choose to accept the investment management department members' advice or decides not to establish an account through LPL Financial, the investment management department members may not be able to provide management and advisory services to the client. Clients should understand that, due to certain regulatory constraints, each investment management department member, in his/her capacity as an LPL Financial registered representative, must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other LPL Financial approved institutions.

#### Activity 2 – Registered Representative of Wealth Enhancement Brokerage Services, LLC

Wealth Enhancement Brokerage Services, LLC, is a limited use broker-dealer and an affiliate of WEAS. The investment management department members may also be registered representatives and associated persons of Wealth Enhancement Brokerage Services. However, there are currently no accounts established or processed through either broker-dealer. All regular brokerage services provided by the investment management department members are done through LPL Financial as described in the previous section.

#### Activity 3 – Insurance Agent

Kelli Liepke and Daniel Levine are independently licensed to sell insurance and annuity products through various insurance companies. James Cahn, Craig Swanson, Miao Yang and Daren Larson are not insurance licensed.

Clients are never obligated or required to purchase insurance products from or through the investment management department members and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

#### Activity 4 – Other Activities That Make Up More Than 10% of Investment Management Department Member's Time or Income

None of the investment management department members noted above has any such "other activities" to report.

### Item 5 – Additional Compensation

In addition to the description of additional compensation provided in Item 4, the investment management department members will receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by the product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses.

Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated that sales will be made.

The investment management department members endeavor at all times to put the interest of the clients first as a part of WEAS and the investment management department members' fiduciary duty. However, clients should be aware that the receipt of additional compensation through 12b-1 fees, servicing fees, nominal sales awards and/or expense reimbursements creates a conflict of interest that may impact the judgment of the associated persons when making advisory recommendations. WEAS has established relationships with other investment advisors through which WEAS will act as a solicitor referring clients to the other investment advisors' management programs. When acting in this solicitor/referral capacity, WEAS will receive a portion of the fee paid to the other investment advisors by the client. Also, compensation for the investment management department members noted above may be obtained by increasing client assets under management and by client retention.

### Item 6 – Supervision

Under the direction of Michael Stefano, Chief Compliance Officer (phone number: 763-417-1700), the WEAS Compliance and Supervision Department reviews transaction suitability for accounts managed by the advisors. The designated compliance member reviews performance and cost basis for client transactions, comparing executed transactions to the client's financial information. The client's objectives are used to review for suitability. Referencing the client's objectives and WEAS's understanding of those objectives, transactions are reviewed, through exception-based reporting, to identify any transaction that may not fit the client's stated objectives. Such transactions will be flagged and reviewed with the advisors. The WEAS compliance supervision department conducts random reviews to make sure the advisors have offered the client an annual review of their account.

## Privacy of Client Financial Information

At Wealth Enhancement Advisory Services, LLC (WEAS), maintaining the trust and confidence of our clients is a high priority. That's why we want you to understand how we protect your privacy as we collect and use your information in order to provide products and services that support your investment needs. We are strongly committed to fulfilling the trust that is the very foundation of your expectations. Therefore, we have adopted and adhere to the following policy regarding the privacy of our clients' nonpublic personal information.

### 1. NONPUBLIC PERSONAL INFORMATION THAT WE COLLECT

We collect nonpublic personal information about our clients from some, or all, of the following sources:

- Information we receive from the completion of our new account form, fact-finding questionnaires and product applications;
- Investment transactions with us, our affiliates, and those product sponsors with whom we have selling agreements or other arrangements for the provision of services to clients;
- Consumer reporting agencies; and
- Affiliated and nonaffiliated product sponsors whose products are owned by our clients.

### 2. USE OF NONPUBLIC PERSONAL INFORMATION

We disclose, to the extent collected as defined above, nonpublic personal information to affiliated and nonaffiliated third parties that provide contracted services in order to more effectively and efficiently service our clients. We ensure contractual restrictions on the affiliated and nonaffiliated third-party use and disclosure of the nonpublic personal information we disclose.

Affiliated and nonaffiliated third parties with whom we disclose nonpublic personal information include, but are not limited to:

- Mutual fund companies, insurance companies and other product sponsors to effect purchases and sales and allow for the servicing of client accounts;
- The broker-dealer through whom we execute securities transactions;
- Clearing agencies through whom we clear and settle securities transactions;
- Third-party investment advisory firms with whom we have relationships for the management of client advisory accounts;
- Broker-dealer firms having regulatory requirements to supervise certain activities of representatives who are also registered with a broker-dealer;
- Banks and other financial institutions with whom we have arrangements for the marketing and sale of our products and services; and
- Companies that provide services to us that assist with the maintenance of required books and records or to facilitate mailings on our behalf.

We do not disclose your information to nonaffiliated companies who intend to market their products to you.

### 3. PROTECTION OF NONPUBLIC PERSONAL INFORMATION

We have established information security practices and procedures to prevent unauthorized use or access to nonpublic personal information. Access to nonpublic personal information is made available to our employees who process or service transactions and fulfill compliance, legal or audit functions. Our computer systems utilize password protection to prevent access by unauthorized personnel, and we employ other physical, electronic and procedural safeguards to ensure the protection of nonpublic personal information in accordance with state and federal privacy regulations.

#### 4. "OPT-OUT" OF NONAFFILIATED THIRD-PARTY DISCLOSURES

If you do not want us to share your nonpublic personal information (except as permitted by law) with a nonaffiliated third party, including a Registered Representative servicing your account should they leave our firm, you may "Opt-Out" of nonaffiliated third-party disclosures.

Note: If you became a client of your WEAS Financial Advisor prior to the time your WEAS Financial Advisor joined WEAS or one of its affiliates, and your WEAS Financial Advisor elects to leave our firm and join another registered broker-dealer and/or investment advisory firm, we may allow your WEAS Financial Advisor to take your confidential information with them to the new firm, subject to the requirements or limitations of applicable law. If you do not want WEAS to share your nonpublic personal information with your WEAS Financial Advisor in the event your WEAS Financial Advisor departs our firm, please send a Letter of Instruction to the address listed below. If you have previously notified WEAS of your decision to "Opt-Out" then no further action is required on your part. The Letter of Instruction requires the following information: your name, address, city, state, ZIP code, daytime phone, cell phone number, and your account number(s), along with your signature. In addition, there are some states that require you as a client to "Opt-In" before we will share information with a departing WEAS Financial Advisor. If you live in one of these states, we will ask you to sign an acknowledgment before we share any of your nonpublic personal information.

#### 5. CONTACT US

If you have any questions about our Privacy Policy, or if you have any questions concerning your account, please contact us at 800-492-1222. If you prefer, you may write to us at Wealth Enhancement Advisory Services, LLC, Attn: Compliance, 505 North Highway 169, Suite 900, Plymouth, MN 55441. We appreciate your business and look forward to serving your financial services needs.

**Wealth Enhancement Advisory Services, LLC (WEAS)**

**Supplement to ADV Part 2A  
Information Relating to Advisory Services  
Offered With the Assistance of  
LPL Financial, LLC (“LPL”)**

The following services are offered with the operational assistance of LPL Financial, LLC (“LPL”). WEAS internal investment department managers are also licensed securities representatives of LPL.

For additional information regarding these services and others offered by WEAS, clients should review WEAS’s Form ADV, Part 2A and LPL’s Program Form Brochures.

**STRATEGIC ASSET MANAGEMENT PROGRAM (“SAM”)**

The SAM Program offers clients an asset management account in which WEAS in its capacity as a registered investment advisor and its Investment Adviser Representatives (“IARs”) direct and manage specified assets of clients. The SAM account permits clients to authorize WEAS IARs to purchase and sell on a discretionary basis no load and load waived mutual funds, exchange-traded funds (“ETFs”), closed-end funds and unit investment trusts and pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, and to purchase and sell separate accounts within variable annuities. Other securities approved by LPL for investment in the SAM account, including equities, fixed income, real estate investment trusts (REITS), business development companies (BDCs), options and hedge funds, may be purchased and sold at the client’s direction. In some cases, the client may provide discretionary authorization to the IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no load and load waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles which are not registered.

In opening a SAM account, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the SAM Program and assists the client in setting appropriate investment objectives.

During any month that there is activity in the SAM account, the client receives a monthly account statement showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.

SAM accounts pay an annualized fee (“**Account Fee**”) as follows:

**Portfolio Value**

**Maximum Fee**

\$25,000 +

2.50%

The Account Fee is negotiable and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in

which the account is accepted by WEAS and LPL. The initial Account Fee is due at the beginning of the quarter following execution of the SAM Account Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the SAM Account Agreement unless other arrangements have been made in writing.

Although expressed as a percentage, in certain situations where agreed to by the Client, the Account Fee may be calculated as a flat fee for the first annual period. One fourth of the annual fee will be assessed to the account on a quarterly basis in advance. The amount of flat fee will be adjusted annually thereafter based on the stated percentage.

For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds which are held in the account are credited to the account. The credit will appear on client's quarterly SAM statement. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL, WEAS or the IAR.

Accounts with assets valued at less than \$100,000 at the end of the quarter will be assessed an additional \$10.00.

Accounts with hedge funds will be assessed an annual Alternative Investment Administrative fee of \$35.00 per position, subject to a maximum of \$100.00 per account per year.

After the advisory fee is collected by LPL, LPL retains a portion of it with the majority of the fee going to WEAS.

In addition to the Account Fee stated above, the account is assessed a transaction charge by LPL ("**Transaction Charge**") to defray the costs associated with trade execution. Although the Transaction Charge is identified under the commission column on the confirmation, it represents a reimbursement of transaction costs and not sales commissions. The WEAS IAR does not receive any portion of the Transaction Charge.

The Transaction Charges of LPL are:

#### Mutual Funds

##### Purchase or Liquidation

Full Participating Fund*	\$0.00
Partial Participating Fund*	\$4.50
Non-Participating Fund	\$26.50
Systematic Purchases and Redemptions (only certain funds are eligible)	No Charge to Client
Exchanges (only certain funds are eligible)	No Charge to Client
Wire Purchase and Redemption Fees (if applicable)	varies



\* A Full Participating Fund is one that pays 12b-1 fees and/or subtransfer agent fees which are retained by LPL in amounts sufficient to cover the majority of LPL trading costs. A Partial Participating Fund is one that pays either 12b-1 fees or subtransfer agent fees which are used to reduce LPL trading costs.

#### Fixed Income

Purchase or Liquidation.....\$50.00

UIT Purchase or Liquidation.....\$35.00

#### Equities (including closed-end and exchange-traded funds)

Purchase or Liquidation.....\$9.00

#### Options

Purchase or Liquidation.....\$25.00

#### Considerations

- (a) The SAM Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the SAM account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, the percentage of Participating Funds held in the account, and the number and range of supplementary advisory and client related services provided to the account.
- (b) In SAM, the Account Fee and Transaction Charges (if applicable) are deducted from the client's account and are noted on client statements or confirmations. The Fee Schedule and Transaction Charges continue until thirty (30) days after client has been notified in writing of any change in the amount of the Fee or Charges applicable to client's account, at which time the new Fee or Charges will become effective unless the client notifies LPL.
- (c) In addition to the Account Fees and Transaction Charges noted previously, Client may also incur certain charges imposed by third parties or LPL in connection with investments made through Program accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and subtransfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund and managed future investment management fees, managed futures investor servicing fees, participation fees from Auction Rate Preferred fixed income securities, and other charges required by law. LPL and IAR may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund or the variable annuity are available in the appropriate prospectus.
- (d) Client should be aware that hedge funds and managed futures products share a portion of the investment management fee charged by the hedge fund with LPL and WEAS. A

portion of this compensation is retained by LPL and WEAS and a portion of this compensation is paid to the WEAS IAR. The amount of the investment management fee is described in the prospectus for the hedge fund or managed futures.

- (e) The WEAS IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.
- (f) If a client has a non-retirement (and otherwise eligible) account, the cash balances in the account will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your WEAS IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.
- (g) Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA Disclosure Booklet available from your WEAS IAR.
- (h) If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the SAM Program may pay 12b-1 fees higher than other money market funds. LPL may receive Compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. WEAS's IAR does not receive any portion of this payment.
- (i) If an account is approved for trading on margin and the client has entered into a margin agreement with LPL, the client will be charged margin interest on any credit extended to or maintained by the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports. LPL will retain a portion of any interest charged on margin debit balances. This interest charge is in addition to the annual investment advisory fee charged in connection with the SAM account. The annual investment advisory fee will not be charged on any margin debit balance, rather only on the net equity of the account.
- (j) Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account go down.

LPL, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client.

- (k) Hedge funds may be available for purchase in the SAM account by clients meeting certain qualification standards. Investing in hedge funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity. In addition, hedge funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information.
- (l) Client should be aware that hedge funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the hedge fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the hedge fund during the repurchase offer.
- (m) Clients may make additions to, or withdrawals from, the SAM account upon notice to their WEAS IAR subject to the terms of the Account Agreement. If at any time account assets are less than the minimum account size originally specified, client understands that the Account Agreement may be subject to termination. The SAM account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of a client's investment objectives.
- (n) The SAM Account Agreement may be terminated by either party effective upon written notice to the other party or parties ("**Termination Date**"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date. The Transaction Charges remain in effect for 30 days from the Termination Date. Thereafter, transactions in a SAM account may be processed at normal brokerage rates.
- (o) If a SAM account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, WEAS and LPL reserve the right to retain the pre-paid quarterly Account Fee for the current quarter or cancel and rebill all transactions in the account at normal and customary brokerage commission rates in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.
- (p) WEAS IARs may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. WEAS IARs may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If WEAS IARs do not aggregate orders, some

clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

- (q) The Account Fee and the quarterly charge for accounts with assets valued at less than \$100,000 represent compensation for the asset management and quarterly or, in some cases, semi-annual reporting services. The Transaction Charges represent the brokerage component of compensation paid by the client for the account and may be higher or lower than commissions otherwise payable in the absence of the Account Fee. A portion of the 12b-1 fees may be reallocated to lower the LPL administrative charges assessed by LPL to WEAS.

## **STRATEGIC ASSET MANAGEMENT II PROGRAM (“SAM II”)**

The SAM II Program offers clients an asset management account in which WEAS in its capacity as a registered investment advisor and its IARs direct and manage specified assets of clients.

The SAM II account permits clients to authorize WEAS IARs to purchase and sell on a discretionary basis no load and load waived mutual funds pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, ETFs, closed-end funds and unit investment trusts and to purchase and sell separate accounts within variable annuities. Other securities approved by LPL for investment in the SAM II account, including equities, fixed income, real estate investment trusts (REITS), business development companies (BDCs), options, hedge funds, and managed futures, may be purchased and sold at the client’s direction. In some cases, the client may provide discretionary authorization to the WEAS IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no load and load waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles which are not registered.

During any month that there is activity in the SAM II account, the client receives a monthly account statement showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM II account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.

SAM II accounts pay an annualized fee (“**Account Fee**”) as follows:

**Portfolio Value**  
\$25,000 +

**Maximum Fee**  
2.50%

The Account Fee is negotiable and is payable quarterly in advance in the same manner as the fee for SAM Program services. (See pages 1 and 2.)

After the advisory fee is collected by LPL, LPL retains a portion of it with the majority of the fee going to WEAS.

The Transaction Charges of LPL within the SAM II program are:

### Mutual Funds

Purchase or Liquidation.....	No Charge to Client
Systematic Purchases and Redemptions (only certain funds are eligible).....	No Charge to Client
Exchanges (only certain funds are eligible).....	No Charge to Client
Wire Purchase and Redemption Fees (if applicable).....	varies

### Fixed Income

Purchase or Liquidation.....	No Charge to Client
UIT Purchase or Liquidation.....	No Charge to Client

### Equities and Options

Purchase or Liquidation.....	No Charge to Client
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Although clients do not pay a transaction charge for transactions in a SAM II account, clients should be aware that IARs pay LPL transaction charges for those transactions. The transaction charges paid by IARs vary based on the type of transaction (e.g., mutual fund, equity, or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees that are retained by LPL in amounts sufficient to cover the majority of LPL's trading costs. For mutual funds, the transaction charges range from \$0 to \$26.50. Because the IAR pays the transaction charges in SAM II accounts, there is a conflict of interest. Clients should understand that the cost to IAR of transaction charges may be a factor that the IAR considers when deciding which securities to select and how frequently to place transactions in a SAM II account.

### Considerations

The consideration each client should review are the share source as those for SAM Program Considerations (a) through (q), beginning on page 3.

### **OPTIMUM MARKET PORTFOLIOS ("Optimum")**

The Optimum Program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares.

An Optimum Program account will be opened through which client will authorize WEAS and Client's WEAS IAR on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. There are up to six Optimum Funds that may be purchased within a Program account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small Cap Growth Fund, Optimum Small Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund.

WEAS's IAR will obtain the necessary financial data from the client, assist client in determining the suitability of the Program and assist client in setting an appropriate investment objective. The IAR will also initiate the steps necessary to open a Program account and select a portfolio consistent with the client's stated investment objective. Once the IAR has selected a portfolio and the Program minimum has been reached, LPL will purchase Optimum Funds and an insured deposit account in amounts appropriate for the portfolio selected. LPL will rebalance the account on the frequency selected by the client at account opening or as altered by the client's WEAS IAR from time to time. The choices for

frequency of rebalancing are quarterly (four times per year), semi-annually (two times per year) or annually (once per year). The Program account will be reviewed on the frequency selected based on the anniversary date of the account opening or as altered by the IAR, or the next business day closest to the anniversary date to determine if rebalancing is necessary. Though the Program account is not considered tax efficient or tax managed, LPL may delay placing transactions on non-qualified accounts by one day for any rebalancing scheduled to occur on the first one year anniversary date of the account opening in an attempt to limit short-term tax treatment for any position being sold. At each potential rebalancing date, program accounts will be rebalanced only if there is a 5% or greater deviation from LPL's targeted allocation percentage for the portfolio, subject to a minimum transaction amount of \$250. The preference for rebalancing frequency may not be applicable if WEAS's IAR selects a portfolio that is dynamically rebalanced by LPL. In this instance, LPL will determine if rebalancing is necessary on at least a quarterly basis, or more frequently if deemed appropriate.

WEAS IARs will use LPL strategies and will follow a strategic asset allocation investment style in constructing portfolios for the Program. Asset allocation methodology is implemented by combining investments representing various asset classes that react differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. As with any investment strategy, there is no guarantee that the use of an asset allocation strategy will produce favorable results. WEAS's IAR is responsible for providing the client with information about this investment style in advance of opening a Program account by explaining the various asset classes (e.g., large cap growth, large cap value, etc.) being used within the selected portfolio. This responsibility continues throughout the time that the client maintains a Program account.

During any month that there is activity in the account, client will receive a monthly account statement showing account activity as well as positions held in the account at month-end. Additionally, the client will receive a confirmation of each transaction that occurs within the account unless the transaction is the result of a systematic purchase or systematic redemption. The client will also receive from LPL quarterly performance reports describing account performance and positions. An additional year-end report will be provided for accounts not established on a calendar quarter basis. To the extent permissible by state and federal law, LPL may elect to deliver account information electronically.

Optimum Market Portfolio accounts pay an annualized fee ("**Account Fee**") as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Fee</u></b>
\$15,000 +	2.5%

The Account Fee is negotiable and is payable quarterly in advance. The initial Account Fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the Optimum Market Portfolios Account Agreement unless other arrangements have been made in writing.

After the fee is collected by LPL, a portion of it is retained by LPL, and the majority is sent to WEAS.

In addition to the Account Fee, the account will be assessed a confirmation charge (“**Confirmation Charge**”). Although the Confirmation Charge may be identified under the commission column on the confirmations, it represents a reimbursement of expenses associated with printing and mailing confirmations and not commissions. IAR will not receive any portion of the Confirmation Charge.

The Confirmation Charges of LPL are:

Mutual Funds

Purchase or Liquidation.....\$5.00

The Optimum program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Optimum account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The WEAS IAR recommending the Program account to the client receives compensation as a result of the client’s participation in the Program. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may or may not have a financial incentive to recommend a Program account over other programs and services.

The WEAS IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

Clients may also incur certain charges imposed by LPL or third parties other than IAR in connection with investments made through a Program account, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a portion of these third party fees. Further information regarding charges and fees assessed by the Optimum Funds are available in the appropriate prospectus.

Client retains the right to pledge Optimum Funds in the Program account. To effect the pledge, Optimum Fund positions designated by the client will be withdrawn from the account and delivered to the Optimum Funds where upon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any Optimum Funds that have been withdrawn. Following the withdrawal, unless directed by the client to terminate the Program, LPL will rebalance the Program account at the next regularly scheduled rebalancing date.

Clients may make cash additions to the account at any time and may withdraw account assets on notice to IAR, subject to the conditions outline herein and the Optimum Market Portfolios Account Agreement. These funds will be invested into Optimum Funds consistent with the current LPL target allocation for the portfolio once the holdings reach a 5% or greater deviation from LPL’s targeted allocation

percentage for the cash allocation subject to a minimum amount to be allocated of \$2,500 (the "Allocation Event"). Until the Allocation Event occurs, deposits will be treated as follows: If client has a non-retirement (and otherwise eligible) account, client's cash balances will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in client's ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If a client does not want to have cash balances automatically invested in an ICA, the client may speak to client's WEAS IAR to have cash balances automatically invested in a tax exempt money market fund if client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to client's ICA will appear on a client's account statement. For each statement period, the account statement will reflect deposits to and withdrawals from client's ICA, the closing balance of the ICA at each bank at which client's funds are held, and the interest earned on ICA balances. For additional information on client's Insured Cash Account, please see the ICA Disclosure Booklet available from client's WEAS IAR.

If client has a retirement (or non-retirement but ineligible) account, client's cash balance will continue to be invested in a money market fund. The money market fund utilized in the Optimum Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

In the event client withdrawals cause the account asset value to fall below the required minimum, the client understands the Optimum Market Portfolios Account Agreement may be subject to termination. The Program is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.

The client may terminate an Optimum account by providing written notice to WEAS and LPL. Upon termination, the client is be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after termination. If the account is closed within the first six months by client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the Program account which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

The Account Fee represents compensation for the asset management and quarterly reporting services provided. The Confirmation Charges represent a reimbursement of expenses associated with printing and mailing confirmations and may be higher or lower than commissions otherwise payable in the absence of the Account Fee.

Although client will not be charged a commission for transactions in Optimum Funds, client should be aware that the Optimum Funds charge internal management fees and administrative expenses. LPL will also receive administrative servicing fees from the insured deposit account paid out of that fund's



internal management fees and administrative expenses, and thus may have a conflict of interest in recommending the Program account. In addition, fees received by LPL from the ICA may offset costs incurred from servicing client investments in other funds. The amount of the Optimum Funds management fees and administrative expenses are included among normal mutual fund expenses and are reflected on the Optimum Fund financial statements.

LPL provides investment consulting services to the investment advisor of the Optimum Funds mutual fund family. These services include assisting the investment advisor in determining whether to engage, maintain or terminate sub-advisors for the Optimum Funds. As compensation for these services, LPL receives investment consulting compensation from the investment advisor to the Optimum Funds. In addition, the Chief Financial Officer of LPL serves as a Trustee of the Optimum Funds.

LPL also performs recordkeeping and administrative services on behalf of the Optimum Funds and receives compensation for the services based on the OMP client assets in the fund. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. The receipt of this recordkeeping and investment consulting compensation by LPL presents a conflict of interest, because LPL has a financial benefit the more assets that are invested in the Optimum Funds. However, the investment consulting and recordkeeping compensation is retained by LPL and is not shared with its IARs. Therefore, there is no financial incentive related to this compensation for an IAR to recommend an OMP account.

### **PERSONAL WEALTH PORTFOLIOS (“PWP”)**

In the Personal Wealth Portfolios (“PWP”) program, clients authorize their WEAS IAR to select a model portfolio from a variety of asset allocation model portfolios designed by LPL. The IAR will then select the mutual funds, exchange-traded funds (“ETFs”), or third party investment advisors (“PWP Advisors”) within each asset class in which to invest. LPL will act as the Overlay Portfolio Manager (“OPM”) on all PWP client accounts. The PWP program is designed to provide execution, money management, asset allocation, custodial and recordkeeping services to LPL clients for an all-inclusive fee.

The PWP program permits clients to authorize a WEAS IAR to select model portfolios, mutual funds, and PWP Advisors suitable for their financial goals and risk tolerances. The PWP program also permits a client to authorize LPL, acting as OPM, to purchase and sell on a discretionary basis no-load and load-waived mutual funds and securities, and to liquidate previously purchased mutual funds and securities. The client selects the IAR who will manage the client account.

Clients, in consultation with their WEAS IARs, provide detailed financial and other pertinent data by completing an Account Application. The Account Application enables clients to determine appropriate investment guidelines, risk tolerance and other factors which assist in ascertaining the suitability of the PWP account and appropriate PWP Advisors and mutual funds to utilize. Based on the account value and asset allocations, IARs will be able to select PWP Advisors for each asset class or PWP Advisors for a portion of the account and mutual funds for the remainder.

Clients are provided with information concerning the PWP Advisors’ and mutual funds’ past performance, management style, location, size of accounts and similar matters. The IAR chooses a

combination of PWP Advisors or mutual funds based on his/her own review of available PWP Advisors and mutual funds to meet the client's investment objectives as set forth in the Account Application.

The PWP Advisors and mutual funds that are available to the IAR to select from are determined by LPL's Research department based on quantitative and qualitative criteria. When LPL's Research Department determines that a PWP Advisor, ETF or mutual fund is no longer acceptable for the PWP program, LPL will notify the WEAS IAR of the change in status and provide alternatives from which the advisor will select which may include the selection of 1) an ETF until a replacement model, ETF or mutual fund has been selected by the Research Department, 2) the replacement advisor, ETF or mutual fund selected by LPL Research, or 3) choose one of the remaining choices within the asset class. LPL has contracted with participating PWP Advisors to provide investment advice regarding the construction and maintenance of portfolios ("Models") for the PWP program. LPL, as the OPM, and not the PWP Advisors, will construct and manage all PWP client accounts within the PWP program, and the PWP Advisors' responsibilities are limited as set forth in the terms and conditions of the Management Agreement between the PWP Advisor and LPL. Due to certain limitations described below, the portfolios developed for clients by LPL will vary from the Models submitted to LPL by the PWP Advisor, and will be adjusted periodically as determined by LPL.

## INVESTMENT OVERVIEW FOR PWP

PWP Advisors will provide Models to the OPM for trade execution in client accounts. If PWP Advisors make changes to their Model after providing the Model to the OPM the changes may not be communicated to the OPM until the next trading day. All Models submitted by PWP Advisors will represent activity that has already been implemented on behalf of other clients of that PWP Advisor.

Except as described below for municipal security Models ("Muni Models"), the role of the PWP Advisors is limited to submitting Models to LPL, who has discretion as OPM for trade execution. However, if a Portfolio is selected that includes a Muni Model, the PWP Advisor for that Model will have discretionary trading authority with respect to the purchase and sale of fixed income securities for the portion of the account invested according to the Muni Model ("Muni Sleeve"). Although the PWP Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire account and may exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). LPL may appoint from time to time other PWP Advisors to take discretion over a portion of the Account managed according to that PWP Advisor's Model.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

As LPL generally has discretion to implement a Model, an account's holdings may differ from the Model submitted. For example, LPL may limit small trades (defined by minimum dollar amounts, share amounts, percentage of account, or percentage of individual asset class). In addition, due to market

conditions or the illiquid nature of certain issues, there may be times when LPL will not be able to invest in specific taxable fixed income securities that appear in a Model. In those circumstances LPL will attempt to invest in fixed income securities with similar characteristics as those in the Models. For clients in California and New York, if tax-free fixed income securities are selected for a Muni Model, the PWP Advisor will attempt to limit the fixed income securities purchased to state-specific, tax free fixed income securities; however, the PWP Advisor may also include non-state-specific securities.

At the request of a WEAS IAR the OPM may perform tax loss harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate ETFs for a client account until a particular time period has passed. The IAR may direct the OPM to purchase an ETF in lieu of a mutual fund selected for the client account in order to avoid capital gain distributions. If an ETF is purchased for this purpose, the account will be reallocated into the selected mutual fund after the distribution. The sale of the ETF will be a taxable event.

The OPM may accommodate client requests to restrict holdings of specific securities, specific industries, specific sectors, and certain pre-defined categories (e.g. 'sin' stocks). In the event that client restrictions prevent the investment in certain securities otherwise recommended by a PWP Advisor, assets will be invested pro-rata across the remaining securities in the effected Model.

Upon selection of mutual funds and PWP Advisors and the deposit of funds by the client, the OPM will invest the client's funds on a discretionary basis. It will generally take a minimum of 3 business days for all funds to be fully invested. Subsequent deposits will accumulate and will not be invested in mutual funds or Models until a certain threshold is met, at which time cash will be allocated to the most underweight asset class in the account, then the most underweight securities within that asset class, continuing until the deposit is invested. Withdrawals will be made in the reverse manner.

Each year on the anniversary date of the account opening the OPM will examine the account to determine if it should be rebalanced to align with its original target investment percentages. If any particular asset class in the account has drifted beyond a limit determined by the OPM, the OPM will rebalance the account to within acceptable asset allocation tolerances based on the account's original asset allocation percentages.

## PROXY VOTES AND CORPORATE ACTIONS

Unless a client instructs otherwise, LPL will vote proxies on the PWP client's behalf. LPL has adopted policies and procedures to ensure that LPL votes securities in the best interest of clients. LPL has contracted with a third party vendor to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of the third party vendor. Any exceptions to this general policy are referred to LPL's Research Department, which makes the determination as to how to vote the proxy in accordance with the best interest of the client. A copy of LPL's proxy voting policies is available upon request to your IAR. A client may obtain information about how LPL voted with respect to securities held in the client's PWP account by contacting your IAR.

In the case of voluntary corporate actions, WEAS and LPL intend to follow the instructions provided by the PWP Advisors unless, in the determination of the OPM, such instructions are overtly contrary to a

client's best interest or instructions. Prior to making such determination, however, LPL will first determine if it has a conflict of interest with any of the companies involved in the corporate action. If LPL does have a conflict of interest, LPL will follow the instructions provided by the PWP Advisors without reviewing individual client interests.

## REPORTING

If client so elects in the Account Application, clients will not receive a confirmation of the transactions that occur within the PWP account, and confirmation details for the transactions will be displayed on the monthly brokerage statement. The client will also receive a detailed quarterly performance report.

## FEES

The PWP Advisory fee schedule is as follows:

<b><u>Portfolio Value</u></b>	<b><u>Maximum Advisory Fee</u></b>
\$250,000 +	2.50%

The mutual funds in which the account invests may charge certain additional fees described below. The advisory fee is negotiable and is agreed upon by each client in connection with execution of the PWP Account Agreement. Advisory fees are payable quarterly, in advance, based on portfolio assets under management and are assessed on a pro rata basis.

The portion of the program fee paid to PWP Advisors ranges from 15 to 35 basis points of account assets per annum. For its role as OPM on the account, LPL receives a fee equal to 10 basis points of account assets per annum. WEAS retains the balance of the fee. The fees paid to PWP Advisors in the PWP program are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship with the manager outside of the PWP program. LPL is absorbing many of the billing, administrative, and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is limited to providing Models to LPL each day. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the PWP Advisor bears the noted expenses.

In addition to the Advisory Fee noted above, Clients may also incur certain charges imposed by third parties or LPL in connection with investments made through PWP accounts. These may include, but are not limited to, the following: mutual fund 12b-1 and subtransfer agent fees, mutual fund management fees and administrative expenses, and service fees described more fully below; IRA and qualified retirement plan fees; administrative servicing fees for trust accounts; and other charges required by law. LPL may receive a portion of these fees.

For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds which are held in the account are credited to the account. The credit will be reflected on quarterly account statements. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR.

## PWP ACCOUNT TERMINATION

The PWP Account Agreement may be terminated by either party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date.

If the PWP account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly fee for the current quarter and cancel and rebill all transactions in the account at normal and customary brokerage commission rates, in order to cover the administrative costs of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.

If a client has a non-retirement (and otherwise eligible) account, cash balances will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If a client does not want to have the client's cash balance automatically invested in an ICA, the client may speak to their WEAS IAR to have the client's cash balance automatically invested in a tax exempt money market fund if the client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to a client's ICA will appear on their account statement. For each statement period, the account statement will reflect deposits to and withdrawals from the Insured Cash Account, the closing balance of the ICA at each bank at which the funds are held, and the interest earned on ICA balances. For additional information on the ICA, clients should review the ICA information brochure available from the client's IAR.

If a client has a retirement (or non-retirement but ineligible) account, the client's cash balance will be invested in a money market fund. The money market fund utilized in the PWP Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

#### CONFLICTS OF INTEREST RELATING TO PWP

WEAS IARs receive compensation as a result of a client's participation in the PWP program. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this Compensation may be more or less than what the WEAS IAR would receive if the client participated in other programs through WEAS and LPL, or paid separately for investment advice, brokerage, and other services.

Therefore, while account compensation cannot be determined in advance, the IAR may have an incentive to recommend the PWP program over other programs or services. The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than

\$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

LPL and BlackRock Advisors, LLC (“BlackRock”) entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for technology costs incurred by LPL related to ETFs in the Program. BlackRock is affiliated with mutual funds, ETFs and PWP Advisors that may be included in a Portfolio. Because LPL benefited from BlackRock’s financial contribution to technology development, and because this financial contribution is significant to LPL, there may be a conflict between LPL’s financial interest and its ability to use strictly objective factors in considering whether or not to make a BlackRock-affiliated mutual fund, ETF or PWP Advisor available in a Portfolio. Notwithstanding the above, LPL has sole discretion for selecting any mutual fund, ETF or PWP Advisor for a Portfolio, and is not required to include any BlackRock-affiliated mutual fund, ETF or PWP Advisor in a Portfolio or in any client account. LPL applies the same diligence criteria for selecting any mutual fund, ETF or PWP Advisor it selects for a Portfolio.

LPL as broker-dealer may receive compensation for directing orders in securities to particular broker-dealers or market centers for execution. The source and nature of compensation received in connection with trades for client accounts is available at [www.lpl.com](http://www.lpl.com) and can also be furnished upon written request. PWP Advisors reimburse LPL for costs associated with the use of technology necessary for a PWP Advisor to perform its services under the program.

Certain mutual funds charge fees such as 12b-1 fees, which are received by LPL. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL may retain the entire amount received.

## **MODEL WEALTH PORTFOLIOS (MWP)**

### **Services Provided**

The MWP Program offers clients a professionally managed asset allocation program in which LPL, in its capacity as a registered investment advisor, and Wealth Enhancement Advisory Services (WEAS) in its capacity as a registered investment advisor and its IAR’s direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL and WEAS on a discretionary basis to purchase and sell mutual funds and exchange-traded funds (“ETF”), pursuant to an investment objective chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes (“ETN”) and closed end funds may also be purchased in an MWP account.

The MWP Program may also be offered through a separately registered third party investment advisor (“Advisor”) and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. (WEAS and its IAR’s act in this capacity). WEAS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. WEAS receives a portion of the Account Fee described below. The portion received by WEAS is negotiable. In some cases, associated persons of WEAS are also broker/dealer registered representatives of LPL. LPL and WEAS may also utilize the services of cash solicitors in establishing client accounts.

WEAS IAR's will obtain the necessary financial data from his or her client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The WEAS IAR will initiate the steps necessary to open a MWP account and select a model portfolio ("Portfolio") designed by LPL's Research Department or third party investment strategist ("Outside Strategist") consistent with the Client's stated investment objective. LPL's Research Department or the Outside Strategist is responsible for selecting the securities within a Portfolio and for making changes to the securities selected. In the case of Portfolios of Outside Strategists, the Outside Strategist provides the Portfolio to LPL and LPL makes the decisions on how to implement the Portfolio. Client grants WEAS discretion to choose among the available Portfolios designed by LPL and Outside Strategists. The IAR may choose more than one Portfolio to be managed within a single MWP account.

The client will appoint LPL as the sole and exclusive broker/dealer with respect to securities transactions in MWP accounts. The client will also appoint LPL to act as Overlay Portfolio Manager ("OPM"). The client will authorize LPL as OPM to act on a discretionary basis to purchase and sell securities and to liquidate previously purchased securities. The client will also authorize the WEAS IAR to select the Portfolio in which MWP program assets will be invested and LPL to affect the rebalancing instructions on the frequency selected by the client or the WEAS IAR or as determined by LPL. The OPM may accommodate requests for all or a portion of an account to remain uninvested for a period of time.

LPL will review the client account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or WEAS IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The client account will be reviewed on the frequency selected to determine if rebalancing is necessary. At each rebalancing review date, the account will be rebalanced if at least one of the account positions is outside a range determined by the OPM, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL may review the account for rebalancing in the event that LPL's Research Department or the Outside Strategist changes the Portfolio. LPL may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by LPL, in an attempt to limit short-term tax treatment for any position being sold.

LPL will aggregate rebalancing transactions for a Program account with other Program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

The client will authorize LPL, at the request of the WEAS IAR, to perform tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the model portfolio. In order to permit trading in a tax-efficient manner, Client further expressly grants LPL or IAR, the authority to select specific tax lots when liquidating securities within the Account.

Transactions in mutual fund shares in an account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

If a client has a retirement (or non-retirement but ineligible) account, the account's cash balance will be invested in a money market fund. If a client has a non-retirement (and otherwise eligible) account, the account's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured cash account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options.

If a client does not want to have cash balances automatically invested in the ICA, the client may speak to his or her WEAS IAR to have the cash balance automatically invested in a tax exempt money market fund if the account meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to a client's ICA will appear on the client account statement. For each statement period, the account statement will reflect deposits to and withdrawals from the ICA, the closing balance of the ICA at each bank at which funds are held, and the interest earned on ICA balances. For additional information on the ICA, a client should see the ICA Disclosure Booklet available from his or her WEAS IAR.

Clients retain the right to pledge securities held in an MWP account. To effect the pledge, positions designated by the client will be withdrawn from the account whereupon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any mutual fund positions that have been withdrawn. Following the withdrawal, unless directed by the client to suspend trading or terminate the account, LPL will review for rebalancing the account.

For more information about certain types of investments that are available for purchase in the MWP Program, please see the response to Item 3.

## PROXY VOTES AND OTHER SHAREHOLDER INFORMATION

Clients retain the right to vote all proxies that are solicited for securities held in a MWP account. LPL and the WEAS IAR are expressly precluded from voting proxies for securities held in an account and will not be required to take any action or render any advice with respect to the voting of proxies. LPL will provide clients with proxy materials prepared by the mutual funds held in an account.

Neither LPL nor the WEAS IAR are obligated to render any advice or take any action on behalf of client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in an account, or the issuers thereof. Clients retain the right and obligation to take action with respect to legal proceedings relating to securities held in the account.



Clients designate LPL, as a broker/dealer and investment advisor, to receive all prospectuses, annual reports and disclosure statements for securities held in a MWP account. Clients retain the right to rescind this designation by notifying LPL and WEAS in writing. A client may request prospectuses and reports from his or her WEAS IAR.

## FEE SCHEDULE

Clients that participate in the MWP program pay an annualized fee (“Account Fee”). The Account Fee schedule for the MWP program is described below:

### Account Value Maximum Fee

\$25,000 +	2.50%
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The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in which the account is accepted by LPL. The initial Account Fee is due at the beginning of the quarter following execution of the MWP program Account Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client’s quarterly portfolio evaluation report.

Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the Account Fee. All Account Fees are deducted from the account pursuant to the MWP Account Agreement unless other arrangements have been made in writing.

If a MWP account is terminated, the client will be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the date of termination. However, if an account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the account which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

Unless otherwise stated in Account Agreement, for Retirement Accounts, 12b-1 fees paid to LPL by mutual funds that are held in the account are credited to the account. The credit will be reflected your quarterly statement. No portion of the 12b-1 fees for retirement accounts may be utilized for the benefit of LPL or WEAS.

There are no transaction charges in addition to the Account Fee. The Account Fee is paid to and retained by LPL and the WEAS in connection with their respective services. If a model portfolio of an Outside Strategist is selected, a portion of the Account Fee is paid to the Outside Strategist. Outside Strategists

may pay LPL a portion of the costs associated with the use of technology necessary for an Outside Strategist to perform its services under the Program.

In addition to the Account Fee, clients may incur certain charges imposed by LPL or third parties in connection with investments made through a MWP account, including among others, the following types of charges: mutual fund 12b-1 fees, subtransfer agent fees, networking fees, omnibus processing fees, mutual fund management fees and administrative servicing fees, certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive all or a portion of certain of these third party fees. Further information regarding charges and fees assessed by the mutual funds held in an account are available in the appropriate prospectus.

If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and WEAS the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and WEAS and by making his or her own decisions regarding the mutual fund investment.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee.

LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with LPL's marketing support programs. WEAS does not receive any portion of this payment. For accounts invested in the ICA, LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate.

## CONFLICTS OF INTEREST

The MWP program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the MWP account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

WEAS receives compensation as a result of a client's participation in the MWP program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to WEAS. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what WEAS would receive if the client participated in other programs through LPL, or paid separately for investment advice, brokerage, and other services. Therefore, while account compensation cannot be determined in

advance, WEAS may have an incentive to recommend the MWP program over other programs or services.

The Account Fee represents compensation for asset management and reporting services. LPL is appointed by client as the sole and exclusive broker/dealer with respect to processing securities transactions for accounts.

Securities transactions for accounts are effected through LPL without commissions being paid to LPL. While LPL makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of LPL as the sole broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through LPL, LPL considered its capabilities to execute, clear and settle transactions.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

No agency cross transactions or principal transactions may be effected in MWP accounts. LPL as broker-dealer may receive compensation for directing orders in securities to particular broker-dealers or market centers for execution. The source and nature of compensation received in connection with trades for client accounts is available at [www.lpl.com](http://www.lpl.com) and can also be furnished upon written request.

Although clients will not be charged a commission for transactions in the MWP account, clients should be aware that certain mutual funds charge fees such as 12b-1 fees, subtransfer agent fees, omnibus processing fees and/or networking fees, a portion of which may be received by LPL and the IAR. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL and WEAS may retain the entire amount received.

WEAS, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and WEAS IARs.

In certain cases a model portfolio may consist only of mutual funds or ETFs within the same fund family or within affiliated fund families. In such a model portfolio, LPL's Research Department or the Outside Strategist (as applicable) will select only those funds within the fund family or affiliated fund families. Because mutual funds or ETFs in a model portfolio may be affiliated with the Outside Strategist that

designs the model portfolio, an investment in the affiliated fund generates compensation to the Outside Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to the portion of the Account Fee it receives.

In seeking to defray technology development costs of launching and operating ETF Portfolios on the Program, LPL and BlackRock Advisors, LLC (“BlackRock”) entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for upfront and ongoing technology costs incurred by LPL for the development involved in launching and operating ETF model portfolios on the Program. Blackrock Investment Management, LLC, an affiliate of BlackRock, is one of the Strategists with model portfolios that are available in the Program. BlackRock is also affiliated with mutual funds and ETFs that may be included in the model portfolios it designs and those model portfolios designed by the other Strategists.

Because LPL benefited from BlackRock’s financial contribution to the technology development, the amount of which is significant to LPL, LPL’s financial interests may conflict with its ability to use strictly objective factors in making the selection of a BlackRock affiliate as an Outside Strategist. LPL’s financial interests may also conflict with its ability to use strictly objective factors in selecting Outside Strategists (other than BlackRock) that have proprietary ETFs.

Notwithstanding the above, LPL has not agreed to guarantee that BlackRock’s model portfolios will be used for any client account in the Program. In addition, neither LPL nor the other Outside Strategists are required to include BlackRock-affiliated funds or ETFs in their model portfolios. The BlackRock affiliate is required to satisfy the same due diligence requirements as all other Outside Strategists. Although BlackRock has the right to consult with LPL about the identity of the other Outside Strategists, LPL has sole discretion to select Strategists that are made available on MWP.

#### Affiliated Portfolio Strategist

Fortigent is a Portfolio Strategist that is an affiliate of LPL. LPL does not apply the same selection and review criteria to Fortigent as it does to unaffiliated Portfolio Strategists. Because Fortigent is under common ownership with LPL, LPL will have an indirect financial benefit if IARs recommend and select a Fortigent Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist, because LPL’s parent will benefit financially from the fees paid to Fortigent. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to Fortigent, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

#### LPL as a Portfolio Strategist

In MWP, clients may invest in Portfolios designed by LPL’s Research Department. LPL’s Research Department provides various types of advisory services. LPL Research provides research recommendations on asset allocation and mutual funds and ETFs. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs, such as Optimum Market Portfolios and Personal Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL’s separately managed account wrap program, Manager Select.

Because LPL may retain more of the Account Fee if an LPL Portfolio is selected instead of a Portfolio of an unaffiliated Portfolio Strategist, LPL and its affiliated companies may have a financial benefit if IARs recommend and select an LPL Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to LPL for strategist services, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

### **MONEY MANAGEMENT PROGRAM (“Manager Select”)**

In the Manager Select Program, WEAS and its IARs assist clients in identifying a third party investment advisor (Portfolio Manager) from a list of available advisors to assist client with respect to investment of their funds. WEAS may also act as a Portfolio Manager on a Manager Select account at the client’s election. Portfolio Manager’s may hire one or more sub-advisors to manage all or a portion of the client’s Manager Select account. The Manager Select program is designed to provide execution, money management, custodial and recordkeeping services to WEAS clients for an all-inclusive fee.

Clients, in consultation with WEAS IARs, provide detailed financial and other pertinent data in completing an Account Application. The Account Application enables clients to determine appropriate investment guidelines, risk tolerance and other factors which assist in ascertaining the suitability of the Manager Select account and appropriate Portfolio Managers to utilize.

Clients are provided with data concerning the Portfolio Manager’s past performance, management style, location, size of accounts and similar information. In consultation with WEAS IARs, the client chooses a Portfolio Manager based on either his/her own review of available Portfolio Managers or based on the investment objectives as set forth in the Account Application.

The Manager Select program also permits client to select a third party investment advisor in lieu of an IAR to assist client in selecting a Portfolio Manager.

Upon selection of a Portfolio Manager, deposit of funds by the client, and acceptance of the account by the Portfolio Manager, the Portfolio Manager invests the client’s funds on a discretionary basis.

During any month that there is activity in the Manager Select account, the client receives a monthly brokerage statement from LPL showing account activity as well as positions held in the account at month end. If client so elects in the Account Application, clients will not receive a confirmation of the transactions that occur within the Manager Select account, and confirmation details for the transactions will be displayed on the monthly brokerage statement. Clients may request to receive confirmation statements by contacting their IAR. The client will also receive a detailed quarterly performance report.

The Manager Select fee schedule is as follows:

**Portfolio Value**  
\$100,000 +

**Maximum Fee**  
3.00%

The fee is negotiable and is agreed upon by each client in connection with execution of the Manager Select Account Agreement. Fees are payable quarterly in advance based on portfolio assets under management and are assessed on a pro rata basis. Transactions in Manager Select accounts generally will be executed by Portfolio Manager through LPL. In some cases, Portfolio Manager may choose to

execute fixed income transactions through a broker/dealer other than LPL. Portfolio Managers will seek to obtain the best execution possible given the direction to trade exclusively through LPL for equity securities. LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

After the fee is collected by LPL, LPL pays the Portfolio Manager, retains a portion of the fee for its services and sends the balance to WEAS to cover its fee.

In addition to the Account Fees noted previously, Client may also incur certain charges imposed by third parties or LPL in connection with investments made through Manager Select accounts. These may include, but are not limited to, the following: money market 12b-1 fees, money market management fees and administrative expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and IAR may receive a portion of these fees.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings.

If client has a non-retirement (and otherwise eligible) account, client's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured deposit account (an "ICA") as described in the ICA Disclosure Booklet. LPL receives a fee equal to a percentage of the average daily deposit balance in client's ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate. If client's do not want to have their cash balance automatically invested in an ICA, client may speak to client's IAR to have their cash balance automatically invested in a tax exempt money market fund if client meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to client's ICA will appear on client's account statement. For each statement period, client's account statement will reflect deposits to and withdrawals from client's ICA, the closing balance of the ICA at each bank at which client's funds are held, and the interest earned on ICA balances. For additional information on client's ICA, please see the ICA Disclosure Booklet available from client's IAR.

If client has a retirement (or non-retirement but ineligible) account, client's cash balance will continue to be invested in a money market fund. The money market fund utilized in the Manager Select Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.

The Manager Select Account Agreement may be terminated by any party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid

quarterly account fee based upon the number of days remaining in the quarter after the Termination Date.

If the Manager Select account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly fee for the current quarter and cancel and rebill all transactions in the account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.

## METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES

### Manager Select Accounts.

WEAS IARs obtain detailed financial and other pertinent data from client on a Client Questionnaire. This assists Portfolio Manager in determining the appropriate investment strategy for the account. All security analysis methods, sources of information with respect to securities, and investment strategies are determined by the portfolio manager selected by clients to manage their accounts.

### SAM and SAM II.

Each WEAS IAR managing a SAM, SAM II or customized program account chooses his/her own research methods, investment style and management philosophy. The WEAS IAR has access to various research reports and model portfolios to which he/she may refer in determining which securities to purchase or sell.

### Optimum Accounts.

WEAS IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the IAR in selecting an appropriate portfolio for the client based on client's investment objective and goals. The WEAS IAR has access to a variety of research information from LPL. The percentage allocation of Optimum Funds within the various available portfolios is determined by LPL.

### Personal Wealth Portfolios Accounts.

IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the WEAS IAR in selecting an appropriate portfolio, as well as selecting mutual funds, ETFs, or PWP advisors, for the client based on client's investment objective and goals. The percentage allocation of asset classes within the various available portfolios is determined by LPL.

### Model Wealth Portfolios Accounts.

The MWP Program offers clients a professionally managed asset allocation program in which LPL, in its capacity as a registered investment advisor, and Wealth Enhancement Advisory Services (WEAS) in its capacity as an registered investment advisor and its IAR's direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL and WEAS on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF"), pursuant to an investment objective

chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes (“ETN”) and closed end funds may also be purchased in an MWP account.

## CONDITIONS FOR RECEIVING SERVICES

A minimum account value of \$ 25,000 is required for SAM and SAM II

A minimum account value of \$15,000 is required for Optimum Market Portfolios

A minimum account value of \$250,000 is required for Personal Wealth Portfolios

A minimum account value of \$ 25,000 is required for Model Wealth Portfolios

A minimum account value of \$100,000 is required for Manager Select

## REVIEW OF ACCOUNTS

Sam and Sam II. LPL reviews program accounts using a risk based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity, and concentration. The Advisory Chief Compliance Officer of LPL oversees the process for reviewing flagged accounts. WEAS IARs meet with clients. Such meetings may include review of accounts statements, quarterly performance reports, and other information or data related to the client’s account and investment objectives.

LPL provides clients with regular written reports regarding their accounts. LPL provides detailed quarterly performance reports describing account performance and positions. LPL also provides an additional year-end report for accounts not established on a calendar quarter basis. In addition, LPL sends to clients trade confirmations and account statements showing transactions, positions, and deposits and withdrawals of principal and income. LPL does not send trade confirmations for systematic purchases, systematic redemptions and systematic exchanges. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out prior to December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period.

Optimum, Manager Select, MWP and PWP. WEAS IARs review monthly or quarterly accounts statements as well as quarterly performance reports, copies of which are also provided to the client. The number of client accounts handled by each WEAS IAR varies.

## REPORTS

SAM, SAM II, and Optimum Programs. In addition to the portfolio reports already described in this brochure, LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month. For SAM and SAM II, trade confirmations and account statements for the variable annuities, hedge funds, and managed futures are provided by a third party.

Manager Select, Personal Wealth Portfolios and Model Wealth Portfolios. In addition to the portfolio reports already described in this brochure, LPL will transmit to clients account statements showing all



transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

## INVESTMENT AND BROKERAGE DISCRETION

With respect to SAM and SAM II accounts, WEAS may be granted the discretionary authority to select for investment the security and the amount to be bought or sold pursuant to a written authorization. With respect to OMP and MWP accounts, WEAS and LPL will be granted the discretionary authority to select the investment model and portfolio. With respect to PWP accounts, WEAS and LPL will be granted the discretionary authority to select the investment model, PWP Advisor, mutual funds, ETFs, and securities (including the amount to be bought or sold) pursuant to a written client authorization. Upon opening a SAM, SAM II, PWP or MWP account, the client designates LPL as the broker/dealer to execute trades.

In the SAM, SAM II, Optimum, MWP and PWP Programs, LPL is appointed by client as the sole and exclusive broker/dealer with respect to handling of securities transactions for client accounts.

Securities transactions for SAM, SAM II, Optimum, MWP and PWP accounts are effected through LPL without sales commissions being paid to LPL. LPL will receive all transaction charges in connection with the SAM, and Optimum accounts. In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions.

In the Manager Select Program, LPL is generally appointed by client as broker/dealer with respect to handling of securities transactions for client accounts. In cases where Portfolio Manager executes fixed income trades through LPL, LPL may act as a principal on such trades. Securities transactions for Manager Select accounts are effected by portfolio manager without commissions through LPL. In some cases, portfolio manager may choose to execute fixed income transactions through a broker/dealer other than LPL.

LPL may aggregate transactions for a client with other clients to improve the quality of the execution. When trades are so aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in SAM and SAM II accounts, the Trading Department works with the IAR to determine an appropriate breakdown. Details of the allocation must be provided to the Trading Department concurrent with the order for non-discretionary trades and before the end of the business day for discretionary trades. For partially filled orders in PWP and MWP accounts, the OPM will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.