

Form ADV Part 2A: Appendix 1 – Wrap Fee Program Brochure

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This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of WrapManager, Inc. and the details of our Wrap Fee Program. If you have any questions about the contents of this brochure, contact Pamela Fong at (800) 541-7774 or pfong@wrapmanager.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

Item 2 – Material Changes

WrapManager now has the ability to act as overlay manager for client accounts to implement trading and provide access to chosen money manager strategies. Based on the individual needs of the client, WrapManager will choose to act as overlay manager directly or to utilize the services of Placemark Investments to act as overlay manager.

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Item 4 – Services, Fees and Compensation

The Program sponsored by WrapManager, Inc.

Through the WrapManager Wrap Fee Program (referred to as the “Program”); clients will receive investment supervisory services through continuous investment advice that is based upon the individual needs of the client. Various investment strategies are provided under the Program; however, a detailed investment strategy is crafted for each client tailored to their goals and objectives. Clients are given the ability to impose reasonable restrictions on their accounts including specific investment selections and sectors subject to approval.

We will obtain information from clients in order to determine their financial situation and investment objectives and will manage the accounts accordingly. Clients are always responsible for notifying WrapManager of any changes to their financial situation or investment objectives or if they want to impose and/or modify any reasonable restrictions on the management of accounts managed under the Program.

At least annually, we will attempt to contact each client for the specific purpose of determining whether there have been any changes to their financial situation, investment objectives, or if they would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

In some cases, WrapManager will be responsible for managing all or a portion of the client's investable assets held in Program accounts. In these cases, our Investment Policy Committee will be responsible for investment decisions. We are given discretionary authority to implement securities transactions in these account(s). As program sponsor, WrapManager performs the following:

- Serving as investment manager;
- Serving as Overlay Manager or utilizing an unaffiliated third party to act as Overlay Manager
- Monitoring the investment performance of Portfolio Strategists;
- Providing program administration and related services for the accounts;
- Entering into an investment advisory agreement with clients and sending clients a copy of this Wrap Fee Brochure and Overlay Manager Disclosure Brochure, if applicable, at the time the client enters into an investment advisory agreement with WrapManager. Portfolio Strategist's Form ADV Disclosure Brochure or other written information about the Portfolio Strategist is made available upon written request; and
- Providing client information and implementing client restriction requests or providing requests to overlay manager as needed.

WrapManager or a related person does not act as a principal (buys securities for itself or sells securities it owns to any client) in the Program. WrapManager or a related person does not affect transactions in which client securities are sold to or bought from a brokerage (commission-only) client.

Overlay Management and Portfolio Strategists

In many cases, WrapManager, Inc. will provide Overlay Management services. We have also established an advisory relationship with Placemark Investments, Inc. ("Placemark") to serve as an Overlay Manager in our program in instances in which we choose not to act as Overlay Manager. Depending on the needs of the client and the allocation chosen, WrapManager, Inc. will choose to act as Overlay Manager or to utilize Placemark as Overlay Manager. In both instances, we are able to select various portfolio strategies developed by individual money managers and investment managers. We refer to such money managers and investment managers as Portfolio Strategists throughout this brochure. Portfolio Strategists have not been granted trading authority over client accounts and do not have access to our client accounts. Instead Portfolio Strategists develop model portfolio strategies and provide trade signals to party acting as Overlay Manager. After we have selected a strategy or strategies for an account, Overlay Manager will receive ongoing updates and recommendations from the Portfolio Strategist. Overlay Manager is then responsible for implementing changes to the allocation in your account. Overlay Manager is therefore granted discretionary authority on your account.

The investment strategies offered by WrapManager are identified by our Investment Policy Committee. Members of this Committee develop internal strategies and select from third party Portfolio Strategists to fulfill designated investment strategies. We perform due diligence to determine the Portfolio Strategists used to implement such investment strategies.

Clients will work with their Investment Advisor Representative to determine the amount of assets to be managed using one or more strategies. Overlay Manager directs the investment and reinvestment of the assets allocated to that Portfolio Strategist on a discretionary basis. While WrapManager does have discretion over the assets managed by Placemark as Overlay Manager, it does not direct the trading of these assets when Placemark is being utilized. We have discretionary authority to add, adjust allocation or terminate a particular Portfolio Strategist from the client's account or to replace a Portfolio Strategist with a WrapManager directed strategy which allows us to direct the investment and reinvestment of the client's assets. Please refer to Item 6 for more details.

Overlay Manager is also responsible for certain administrative functions including utilizing their technology platforms to research strategies, client database maintenance, quarterly performance evaluations, web site administration, access to model portfolio strategies, trading platforms, and other functions related to the administrative tasks of managing client accounts. Overlay Manager also provides certain investment advisory functions and is thus registered as an investment advisor with the SEC. Due to this arrangement, Overlay Manager will have access to client accounts. Clients will receive a copy of the Overlay Manager disclosure brochure explaining the services that may be provided. A brief outline of these services and functions are outlined below.

- Investment Strategy Maintenance Tools.
- Access to Portfolio Strategies (as described in the preceding section) and tools to assist with research, performance analysis and due diligence screening.
- Access to a unified managed account platform which enables WrapManager to construct a single portfolio using WrapManager selected investments and strategies.
- Overlay Manager's investment models, strategies and investment advice. Tax management and tax efficient investment strategies.
- Ability to access investment screens and other investment limitation factors.
- Account aggregation, reconciliation and reporting services.
- Position and performance reporting functions and features.

WrapManager and Placemark are non-affiliated companies. Placemark charges the client an annual fee for each account administered by Placemark. When Placemark is utilized, the annual fee is paid from a portion of the overall management fee charged by WrapManager. Please refer to Item 5 of this brochure for details regarding our fee procedures.

Administrative Services Provided by ORION Advisor Services, LLC

WrapManager has also engaged ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms for support in administering the Program. Specifically, ORION helps to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to WrapManager clients. WrapManager and ORION are non-affiliated companies. ORION charges the client an annual fee for each account administered by ORION. The annual fee is paid from a portion of the overall management fee charged by WrapManager.

Brokerage, Clearing and Custody – TD Ameritrade

Program accounts must be established directly through TD Ameritrade Institutional as a result of WrapManager's participation in the TD Ameritrade institutional advisor program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., a registered broker/dealer, member FINRA/SIPC/NFA ("TD Ameritrade"), and will serve as the client's qualified custodian and maintain physical custody of all client funds and securities held in the Program. Clients must designate WrapManager as the investment advisor on the accounts WrapManager is to manage. WrapManager and third party overlay manager, if used, will be granted limited power-of-attorney on the account to implement trades within the account.

TD Ameritrade is an independent and unaffiliated broker-dealer. TD Ameritrade offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. There is no direct link between our participation in the program and the investment advice that we give to clients, although our recommendation (and in some cases requirement) to use TD Ameritrade is partially based on economic benefits received by WrapManager through our agreement with TD Ameritrade Institutional that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving WrapManager participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to WrapManager by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by WrapManager's related persons.

WrapManager receives some benefits from TD Ameritrade through our participation in the institutional advisor program. As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and therefore generally requires that clients use TD Ameritrade for custody and brokerage services. Some of the products and services made available by TD Ameritrade through TD Ameritrade Institutional may benefit WrapManager but may not benefit all Program accounts. These products or

services may assist WrapManager in managing and administering Program accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help WrapManager manage and further develop its business enterprise. The benefits received by WrapManager or its personnel through participation in TD Ameritrade Institutional do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duty to clients, WrapManager endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WrapManager or its related persons in and of itself creates a potential conflict of interest and may indirectly influence WrapManager's choice of TD Ameritrade for custody and brokerage services.

Aggregation of Client Orders

Transactions implemented by WrapManager for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our Firm when WrapManager believes such action may prove advantageous to clients. When WrapManager aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When WrapManager determines to aggregate client orders for the purchase or sale of securities, including securities in which WrapManager may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, WrapManager does not receive any additional compensation or remuneration as a result of aggregation.

Custody

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

According to this definition, WrapManager does not have custody of client funds or securities. It should be noted that our Firm does have limited discretionary authority to transfer funds between a client's accounts with similar registrations held with a qualified custodian and may send funds to the client's address of record if requested by the client. However, regulators have provided guidance stating that transfers between accounts owned by the same client and trading authorization over a client's account does not constitute custody.

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

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

Program Fees

The annual fee is a percentage of assets under management, billed and payable in advance at the start of each calendar quarter, calculated based on the fair market value of the Account as of the last business day of the immediately preceding calendar quarter, and pro-rated based on the number of days during each calendar quarter. The initial fee becomes billable upon account setup. If investment management services begin in the middle of a billing period, the pro-rated fee for that billing period will be deducted from Account when services commence. In addition, a net pro-rated debit or credit is charged for any deposits or withdrawals made to the account during the month plus the remaining time in the quarter. For example, if you deposit or contribute money to your account after the quarterly fee is assessed a pro-rated net debit or credit will be calculated on that portion and processed by the 18th day of the following month. WrapManager utilizes ORION for the calculation and billing of management fees which are then debited by the custodian. Clients should check the accuracy of fees billed on their accounts. Fees will be noted on the Client's statements from the custodian.

The annual management fee charged for the Program may be negotiated with each client and is based on the client's assets under management, i.e. total assets held in all Program account(s). The maximum annual fee charged in the Program is 2.00%. The client's investment advisor representative will provide the exact percentage based fee to each client based on both the nature and total dollar asset value of that account(s). The fee will be stated in the Client Agreement or Client Fee Schedule which must be signed by both WrapManager and the client.

Fees are deducted directly from a client's brokerage account. Clients must provide written authorization to have fees deducted from the account. The qualified custodian, i.e. TD Ameritrade, will send client brokerage account statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, when deducted directly from the account. Additionally, if a client has multiple managed accounts, they may choose to aggregate the fees charged in accounts to be deducted from a specified account. When fees are paid from other accounts, management fee debits will not be noted on the client's TD Ameritrade monthly brokerage statements, rather they will be noted on the account they are deducted from.

The program fee covers WrapManager's advisory services and the advisory and administrative services provided by Overlay Manager, ORION and Portfolio Strategists. Further, the program fee covers all trade execution fees charged by TD Ameritrade. Therefore, clients are not charged transaction fees separately from the program fee. Specifically, the program fee will cover all commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within client accounts.

Program may cost the client more or less than purchasing such advisory and execution services separately. As disclosed in this section, WrapManager receives compensation as a result of a client's participation in Program. WrapManager therefore has a financial incentive to recommend Program over other programs or services. The amount of WrapManager's compensation may be more than what a client would receive if the client participated in programs sponsored by other financial firms or paid separately for investment advice, brokerage, and other services.

For securities purchased directly in TD Ameritrade accounts, WrapManager is not eligible to receive any compensation (e.g. commissions or ticket charges) for the sale of securities products or other investment products. All compensation, if any, is retained by TD Ameritrade.

Other Fees

Clients shall also incur certain charges imposed by third parties other than WrapManager in connection with investments made through the account, including but not limited to, SEC transaction fees, mutual fund sales loads, surrender charges, and IRA and qualified retirement plan fees charged by TD Ameritrade, a product sponsor or other third party. Program fees charged by WrapManager are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses is available in each investment company security's prospectus.

Termination of Services

Program services may be canceled at any time, by any of the parties, for any reason upon receipt of written notice to the other party. Services will be terminated without penalty and the client shall receive a pro-rated refund based on the amount of time remaining in the period. WrapManager will cooperate fully in any requests to deliver funds and securities held in the account to another custodian. TD Ameritrade may charge an Account Transfer fee, which is detailed in the TD Ameritrade fee schedules.

Information for ERISA Covered Retirement Plans

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

When working with a Plan to select one or more Portfolio Strategists please understand we may be acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA. We will act in a manner consistent with the requirements of a fiduciary under ERISA for all services for which we are considered a fiduciary under ERISA. However, we (a) have no responsibility and will not (a) exercise any authority or control respecting management or disposition of assets of the main retirement plan, or (b) have any discretionary authority or discretionary responsibility in the administration of the main retirement plan or the interpretation of Plan's retirement plan documents..

For some Plans, we may serve as ERISA 3(38) investment manager when providing management services for the portion of the plan assets for which we have been retained to be solely responsible for all investment decisions. Under this scenario, we are responsible for monitoring the investment options of the Plan in order to add or remove investment options for the Plan and actively manage all assets for the Plan. As a result, we act as an Investment Manager to the Plan, as defined by ERISA section 3(38) and will acknowledge that we are a fiduciary with respect to the management of the Plan. WrapManager does not have the power to acquire or dispose of any plan assets, and is not the "Administrator" of the Plan as defined in ERISA.

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

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

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

Item 5 – Account Requirements and Types of Clients

Opening an Account

To become a Program participant, an agreement between the client and WrapManager must be executed. In addition, the client will be required to establish a brokerage account through TD Ameritrade.

Types of Clients

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

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

Item 6 – Portfolio Manager Selection and Evaluation

Overlay Manager serves as portfolio manager of the Program. There could be a conflict of interest in that we could prefer our internal strategies when selecting portfolio managers or our Overlay Management services rather than selecting Placemark and the Portfolio Strategists made available by Placemark. Currently, we use a combination of strategies developed by Portfolio Strategists and strategies developed by our internal Investment Policy Committee.

WrapManager is ultimately responsible for money manager due diligence along with portfolio monitoring, but Portfolio Strategists must also be made available by Overlay Manager and pass their internal due diligence process.

Generally Portfolio Strategists are recommended to suitable high net worth clients with investable assets exceeding \$500,000 and whose investment objectives make the use of a particular Portfolio Strategist a suitable option for the client, though we reserve the right to make exceptions to our minimum investment if deemed appropriate. We have discretion over the management of the client's assets and allocate all or a portion of the assets to be managed by the selected Portfolio Strategist. Overlay Manager directs the investment and reinvestment of the assets allocated to that Portfolio Strategist on a discretionary basis. We have discretionary authority to add or terminate the services of a particular Portfolio Strategist from the client's account. WrapManager can replace a particular Portfolio Strategist with a different Portfolio Strategist, or replace a Portfolio Strategist with a WrapManager directed strategy to direct the investment and reinvestment of the client's assets.

We select Portfolio Strategists based on information obtained by us from various sources and reviewed our Investment Policy Committee. WrapManager seeks to have 35-50 strategies available to clients as investment options through the Program. Sometimes there will be more available and sometimes there will be less. It is our goal to have a diversified group of managers available, representing different asset classes and investment styles and philosophies. To be included in this group of available managers, all must go through our initial due diligence checklist.

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

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

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

- Performance
- Change of manager or management team
- The closing of the strategy to new investments
- Availability of portfolio on platform

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

General Description of Other Advisory Services

Because we serve as a portfolio manager of the Program, the following is provided as a brief description of WrapManager's other services. Detailed descriptions of WrapManager's services other than the Program are provided in our Form ADV Part 2A Disclosure Brochure.

We specialize in building diversified portfolios of professional investment managers or models and monitoring them over time. WrapManager works with each client to shape a solution tailored to their unique investment goals. We help identify pre-screened, third-party investment advisory firms offering money management services. We will select investment strategies developed by one or more money managers or models based on our client's personal information and investment objectives. In addition to this Program, we offer several money manager platforms available through the Wells Fargo Consulting Services Group ("Wells Fargo Advisors"). Programs offered by us that are sponsored by Wells Fargo Advisors or First Clearing include.

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

When using one of the programs listed above, we only refer clients to investment advisors with whom we have entered into an agreement or who are available on the Wells Fargo Advisors platforms. Selected money managers are responsible for providing asset management services directly to the client's account. When we solicit our clients to use a third party money manager or model, a portion of the fee paid by the client goes to WrapManager and a portion to the other investment advisor. When referring

clients to a third-party advisor, it is our goal to make recommendations based on the client's individual needs and with their best interest in mind.

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

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

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

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

Participation in Wrap Fee Programs

As discussed in this brochure, WrapManager provides asset management services through our WrapManager Wrap Fee Program which is a wrap-fee program. Under a wrap-fee program, Advisory services and transaction services are provided for one fee. This is different from non-wrap fee

management programs whereby an investment firm's services are provided for a fee, but transaction services are billed separately on a per-transaction basis. Currently, we only offer wrap-fee asset management services.

Performance-Based Fees and Side-By-Side Management

WrapManager does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Client Assets Managed

The amount of clients assets managed by WrapManager totaled \$311,032,550.80 as of December 31, 2014. \$269,364,477.50 is managed on a discretionary basis and \$41,668,073.33 is managed on a non-discretionary basis.

Investment Strategies and Risk of Loss

Investment Strategies

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

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

Risk of Loss

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

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

- Selection of Money Manager Strategies – When we are responsible for recommending the third-party investment advisors to manage your accounts, your investment with our Firm varies with the success and failure of our research, analysis and determination of which money manager programs to use. If selected money manager strategies do not produce expected returns, the value of your account will decrease.
- Management Risk – When we are responsible for selecting individual securities held in your account, your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of

portfolio securities. If investment strategies do not produce the expected returns, the value of your account will decrease.

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

Voting Client Securities

Overlay Manager will be responsible for voting proxies on behalf of your account with your consent. For Programs in which WrapManager is providing overlay management services, WrapManager is responsible for voting proxies relating to securities held by Clients. It is WrapManager's policy to vote Client shares primarily in conformity with Glass Lewis & Co. (Glass Lewis) recommendations, in order to limit conflict of interest issues between WrapManager and its Clients. Glass Lewis is a neutral third party that issues recommendations based on its own internal guidelines. WrapManager votes Client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. Additionally, ProxyEdge retains a record of proxy votes for each Client.

WrapManager gives its clients the opportunity to vote proxies themselves when requested in writing. When voting proxy issues, WrapManager will generally follow the guidelines outlined in the Investment

Manager Policy proxy guidelines from Glass Lewis. WrapManager can vote differently than the recommendations of Glass Lewis if it is determined that doing so is in the best interest of clients.

WrapManager's proxy voting policy and procedures are available upon request by contacting the Chief Compliance Officer at 415-541-7774. Additionally, WrapManager can be contacted at the same number if you wish to review how your proxies were voted.

Please refer to the Placemark disclosure brochure to understand their voting process when used as Overlay Manager.

If you have not authorized Overlay Manager to vote proxies on your behalf, you will receive proxies directly from TD Ameritrade or the transfer agent of the investment and such documents will not be delivered by our Firm.

Item 7 – Client Information Provided to Portfolio Managers

The Investment Advisor Representatives of WrapManager are responsible for gathering information from clients. Investment Advisor Representatives will interview and work with clients to gather information needed relative to their investment objectives and needs in order to provide management services through the program. Clients need to contact their Investment Advisor Representative whenever there are changes to their financial situation that will impact or materially influence the way WrapManager manages accounts. It is important for clients to reply and correspond in a timely manner with WrapManager in order to provide updated financial information so that WrapManager can make appropriate investment decisions.

If being utilized as overlay manager for your account, Placemark will have access to your personal identifiable information, investment profile, objectives and other important financial information. We may have a brief discussion with Placemark about the client in terms of risk, age and why their firm was chosen. Placemark very rarely, and typically never, gets to meet the client. It is the responsibility of WrapManager to assess each client's risk tolerance, time frame, investment objectives, portfolio size and prior investment experience to decide if separate accounts would be an effective solution.

Item 8 – Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability to contact and consult with their WrapManager Investment Advisor Representative. It is the policy of WrapManager to provide an "open channel" of communication between WrapManager Investment Advisor Representatives and their clients. Clients are encouraged to contact their Investment Advisor Representative whenever they have questions about the management of their account.

When a Portfolio Strategist is selected for a client, the client does not typically communicate or interact with the Portfolio Strategist. Instead, WrapManager through our Investment Advisor Representatives will serve as communication conduit between the Portfolio Strategist and the client if needed.

Item 9 – Additional Information

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

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

Relationship with Prospera Financial Services, Inc.

You have the option to work with our investment advisor representatives (but not WrapManager directly) in their separate capacities as registered representatives of Prospera to receive securities brokerage services under a commission arrangement. You are never obligated to open an account with Prospera and can use any broker/dealer you like. However, if you would like to open an account with a registered representative, Prospera is required.

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

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

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

Independent Insurance Agents

Some of our investment advisor representatives are also licensed to provide insurance services to clients. Although clients are under no obligation to purchase insurance products recommended by WrapManager investment advisor representatives in their separate capacities as insurance agents, we are pleased to be

able to offer such products when needs arise. When insurance products are purchased, commissions are paid to the investment advisor representatives in their separate capacities as insurance agents. Thus, insurance agents have a conflict of interest because of the economic incentive to sell policies that result in commissions or other sales revenue. To control for this conflict of interest and consistent with our Firm's fiduciary duty, our advisor representatives strive to recommend insurance products to only those clients that need new or additional policies. For those investment advisor representatives who are insurance licensed, this activity varies throughout the year but is not a significant source of their revenue and they do not spend a significant amount of time on insurance activities. Commissions earned for selling insurance products are always separate from advisory fees retained by WrapManager. Insurance agents will generally only recommend insurance products of those companies which they have registered with as sales agents.

Code of Ethics Summary

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

Affiliate and Employee Personal Securities Transactions Disclosure

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

Account Reviews and Reviewers

Accounts or the underlying investments held in client accounts managed directly by WrapManager are reviewed no less often than quarterly. WrapManager representatives will be available to discuss the

management and performance of the client's account and changes in the client's situation which may have an impact on the management of the client's account.

Standing members of our Investment Policy Committee include the following.

- Gabriel Burczyk, CEO, Chairman of Investment Policy Committee
- Seton McAndrews, CFP®, Managing Director and Investment Policy Committee Member
- Doug Hutchinson, CFA®, Investment Analyst

Statements and Reports

Clients receive statements and confirmations from the qualified custodian of their account, i.e. TD Ameritrade, on at least a quarterly basis. Clients may opt-out of receiving confirmations for the Program. Clients may also view quarterly, monthly, or on-demand reports showing the investment performance of their accounts from WrapManager through an online portal offered to clients. Clients are urged to compare the reports provided by WrapManager and reports obtained from within the online portal against the account statements they receive directly from the account custodian.

Client Referrals and Other Compensation

Client Referrals

WrapManager does not directly or indirectly compensate anybody for client referrals.

Other Compensation

Please refer to Item 4 for a description of the economic benefits received from TD Ameritrade. We may from time to time receive gifts, entertainment, expense reimbursement for travel and/or marketing expenses from (1) third-party investment advisors providing money manager services, (2) distributors of investment products and (3) insurance companies.

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

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

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

Financial Information

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