

**Item 1 - Cover Page**

**SHAKESPEARE WEALTH MANAGEMENT, INC.**

FORM ADV – PART 2A INFORMATION  
April 1, 2015

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**This Brochure provides information about the qualifications and business practices of Shakespeare Wealth Management, Inc. ("Shakespeare"). If you have any questions about the contents of this Brochure, please contact us at (262) 814-1600 or [kevin@shakespearewm.com](mailto:kevin@shakespearewm.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 Shakespeare (CRD No. 111950), including a copy of its Form ADV Part 1, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

*Shakespeare is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training*

***Item 2 - Material Changes To This Brochure Since Its Last Annual Update filed March 2015***

Effective April 2015, Shakespeare has become registered as an investment adviser with the U.S. Securities & Exchange Commission.

**Item 3**

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#### **Item 4 - Advisory Business**

Shakespeare Wealth Management, Inc. ("Shakespeare") is a registered investment adviser with its principal place of business in Wisconsin. Shakespeare began providing advisory services in 1999 and is wholly owned by Kevin M. Reardon. Shakespeare is not under common control with nor does it control any other firm. We provide investment management consulting and financial planning services as described below:

Shakespeare's investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities: exchange-listed securities; securities traded over-the-counter; foreign issuers; warrants; corporate debt securities (other than commercial paper); commercial paper; certificates of deposit; municipal securities; variable life insurance; variable annuities; mutual fund shares, exchange-traded funds(ETFs); United States governmental securities; options contracts on securities; interests in partnerships investing in real estate; interests in partnerships investing in oil and gas interests.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

- The **50/50 Conservative** investor may be taking income on a regular basis from their portfolio and would like a balance between income and growth, helping to minimize market volatility relative to portfolios that have a higher equity allocation. This portfolio is typically invested 50% equity and 50% cash, bonds, and other income producing assets.
- The **60/40 Moderate Conservative** investor may be taking income on a regular basis from their portfolio but is still willing to accept a bit more risk and potential growth than the 50/50 Conservative Investor. This portfolio is typically invested 60% equity and 40% cash, bonds, and other income producing assets.
- The **70/30 Moderate** investor seeks both growth and income with an emphasis on growth. This portfolio is typically invested 70% equity and 30% cash, bonds, and other income producing assets.
- The **80/20 Moderate Aggressive** investor is willing to handle market volatility and therefore potential upside and downside returns. The portfolio is typically invested 80% equity and 20% cash, bonds, and other income producing assets.
- The **90/10 Aggressive Growth** investor is willing to accept market volatility. This portfolio is typically invested 90% equity and 10% cash, bonds, and other income producing assets.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if a model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Shakespeare expects each client to take an active role in monitoring their financial situation, including all investment accounts, and to notify Shakespeare when the portfolio no longer meets their needs or risk tolerance.

We manage advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed consistent with the client's financial circumstances, we will:

- ❖ send quarterly written reminders to each client requesting any updated information regarding changes in the client's financial situation and investment objectives;
- ❖ at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- ❖ be reasonably available to consult with the client; and
- ❖ maintain client suitability information in each client's file.

### INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm also provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. From this we create and manage a portfolio(s) to meet those objectives. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

### NON DISCRETIONARY MODEL PORTFOLIO MANAGEMENT

Our firm provides non-continuous portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

- The **50/50 Conservative** investor may be taking income on a regular basis from their portfolio and would like a balance between income and growth, helping to minimize market volatility relative to portfolios that have a higher equity allocation. This portfolio is typically invested 50% equity and 50% cash, bonds, and other income producing assets.
- The **60/40 Moderate Conservative** investor may be taking income on a regular basis from their portfolio but is still willing to accept a bit more risk and potential growth than the 50/50 Conservative Investor. This portfolio is typically invested 60% equity and 40% cash, bonds, and other income producing assets.
- The **70/30 Moderate** investor seeks both growth and income with an emphasis on growth. This portfolio is typically invested 70% equity and 30% cash, bonds, and other income producing assets.
- The **80/20 Moderate Aggressive** investor is willing to handle market volatility and therefore potential upside and downside returns. The portfolio is typically invested 80% equity and 20% cash, bonds, and other income producing assets.
- The **90/10 Aggressive Growth** investor is willing to accept market volatility. This portfolio is typically invested 90% equity and 10% cash, bonds, and other income producing assets.

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether a model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Shakespeare expects each client to take an active role in monitoring their financial situation, including all investment accounts, and to notify

Shakespeare when the portfolio no longer meets their needs or risk tolerance.

We manage these advisory accounts on a **non-discretionary basis**. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Recommendations may be limited by the available investments of the clients' retirement plan or outside custodian.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- ❖ require that clients notify us of any changes in their financial situation and investment objectives;
- ❖ at least annually, contact each participating client to determine whether there have
- ❖ been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- ❖ be reasonably available to consult with the client; and
- ❖ maintain client suitability information in each client's file.

#### **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan.

##### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds and exchange traded funds (ETFs) (both index and managed) to determine which investments are appropriate to implement the client's goals. The number of investments to be recommended will be determined by the client, based on our discussions.

##### *Monitoring of Investment Performance:*

We monitor client investments continually. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

##### *Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also provide educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide these services. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c).

The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## FINANCIAL PLANNING

Shakespeare also offers financial planning and consulting services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients utilizing this service will be offered access to a website which provides a detailed financial plan designed to assist them in achieving his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- Cash Flow Analysis
  - Net Worth Statement
  - Debt Management
  - Investment Analysis
  - Insurance Planning
  - College Funding
  - Retirement Planning
  - Tax Strategies
  - Estate Planning
  - Business Continuity and Succession Planning
  - Special Needs Planning and
  - other services as determined with the Client
- 

Financial Planning is a six step process. This Initial Engagement covers the first four steps and the client enters a separate Full Engagement which covers steps 5-6.

1. Defining Goals, Needs, and Objectives - Client and Shakespeare work cooperatively to define the goals, needs, and objectives through meetings, phone calls, questionnaires, etc. We may also uncover additional needs and objectives for the Client during the review process.
2. Gathering and Providing Appropriate Data - The Client is responsible for providing data requested in the *Discovery Workbook*, documents requested on the *Financial Documents Checklist*, and other information requested by us in a timely manner. We may also request information from the Client's other professional advisors, such as tax preparer and attorney, provided the Client has signed the appropriate *Information Authorization Form*.
3. Analyzing the Data - Shakespeare will use a variety of tools and knowledge to analyze the client data and create financial statements, projections, and recommendations for the Client.
4. Providing Recommendations - Shakespeare will provide written recommendations to the Client based on the needs identified in step 1. The Initial Engagement ends when written recommendations have been presented to the Client.
5. Implement the Recommendations - Client understands that they have sole responsibility for determining whether to implement any recommendations made by us in any financial plan. There is no requirement that Client implements any of the recommendations or otherwise conducts business through us.
6. Monitor Progress - The Client, either directly or in working with a Financial Advisor, should monitor the progress toward meeting the Client's goals, needs, and objectives and updating the financial plan as needed. Client is ultimately responsible for tracking progress toward meeting their goals and in monitoring a financial advisor such as Shakespeare to update their financial

plan as necessary.

**Initial Engagement - Financial Planning Services:**

The Initial Engagement Process covers steps 1-4 above. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents and information supplied by the client, historical financial statements, accounts connected electronically to our financial planning software, and then provide the financial plan. Should the client choose to implement the recommendations contained in the plan on their own, we suggest the client work closely with his/her attorney, accountant, insurance agent, stockbroker or other professional. Implementation of financial plan recommendations is entirely at the client's discretion, although we frequently help clients implement the recommendations.

Typically the initial presentation of the financial plan is held within one month of Shakespeare receiving the necessary information. It is common for the presentation of the client financial plan to take between two and four meetings, so the entire process of presenting the client financial plan may take more than a month.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

**Full Engagement - Financial Planning Services:**

The client may employ Shakespeare to assist in the implementation of the recommendations that emanated from the Initial Engagement. This is done with the Full Engagement Financial Planning Service, which may be incorporated into either the Investment Supervisory Service, Individual Portfolio Management, or the non-discretionary Model Portfolio Management Service. The Full Engagement Process covers steps 5-6 as listed above and is a continuous service that continuously implements and monitors your financial plan. With the Full Engagement Financial Planning Service, Shakespeare offers the client access to their own financial planning website, that allows the client the ability to continuously monitor and review their financial plan.

**CONSULTING SERVICES**

Clients can also receive financial advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client. This may be done on a Retainer Fee Basis, Contract Basis, or an hourly fee.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

**Assets Under Management**

As of December 31, 2014, we were actively managing \$114,295,326 of client assets on a discretionary basis and none on a non-discretionary basis.



## **Item 5 - Fees and Compensation**

**Mutual Fund Fees:** All fees paid to Shakespeare for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. 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 mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our 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). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are not subject to Shakespeare's current minimum account requirements and advisory fees. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Shakespeare is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Shakespeare Wealth Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Shakespeare Wealth Management, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** We do not require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice.

## INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.5%
Next \$9,000,000	1.0%
Over \$10,000,000	0.5%

A minimum of \$500,000 of assets under management is required for this service. Fees are billed quarterly, in advance, by multiplying 1/4 of the agreed upon percentage fee to the previous quarter-end account values.

**Retainer Fee:** Shakespeare may provide Model Portfolio Management Services on a Retainer Fee Basis. This fee will be agreed to in advance by the client and Shakespeare, incorporated into our Advisory Agreement, and signed by the client and Shakespeare. The retainer fee is a fixed fee, charged quarterly in advance.

**Limited Negotiability of Advisory Fees:** Although Shakespeare has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees and minimum account sizes on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## NON DISCRETIONARY MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for the Non Discretionary Model Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.5%
Next \$9,000,000	1.0%
Over \$10,000,000	0.5%

A minimum of \$500,000 of assets under management is required for this service. Fees are billed quarterly, in advance, by multiplying 1/4 of the agreed upon percentage fee to the previous quarter-end account values.

**Retainer Fee:** Shakespeare may provide Non Discretionary Model Portfolio Management Services on a Retainer Fee Basis. This fee will be agreed to in advance by the client and Shakespeare, incorporated into our Advisory Agreement, and signed by the client and Shakespeare. The retainer fee is a fixed fee, charged quarterly in advance.

**Limited Negotiability of Advisory Fees:** Although Shakespeare Wealth Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees and minimum account sizes on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee

schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **PENSION CONSULTING FEES**

Our fees for Pension Consulting Services are based on a percentage of assets under advisement, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Up to \$1,000,000	1.5%
Next \$9,000,000	1.0%
Over \$10,000,000	0.5%

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

**Retainer Fee:** Shakespeare may provide Pension Consulting Services on a Retainer Fee Basis. This fee will be agreed to in advance by the client and Shakespeare, incorporated into our Advisory Agreement, and signed by the client and Shakespeare. The retainer fee is a fixed fee, charged quarterly in advance.

### **FINANCIAL PLANNING FEES**

Shakespeare's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

We charge for Financial Planning in one of three ways depending on client needs.

1. Our Initial Engagement Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$1,500 to \$5,000, depending on the specific arrangement reached with the client. This is typically a one-time fee associated with the completion of a financial plan, done at the onset of a client relationship.
2. Full Engagement Financial Planning fees are typically incorporated into our asset management fee or charged by a retainer fee.
3. Our Financial Planning fees can be calculated and charged on an hourly basis at \$250 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we may provide an estimate for the total hours at the start of the advisory relationship. The hourly fee arrangement is typically provided to other professionals, such as attorneys or accountants, who are requesting a second opinion from Shakespeare regarding their client or for an individual that has pinpointed an issue they request assistance with.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

**Financial Planning Fee Offset:** Shakespeare reserves the discretion to reduce or waive the Initial Engagement Fee or hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for any of our ongoing supervisory services.

The client is billed quarterly in advance based on our total estimated Full Engagement Financial Planning fees.

The client is billed quarterly in arrears if they have hired us on an hourly basis.

### **CONSULTING SERVICES FEES**

Our Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

We charge for Consulting Services in one of three ways depending on client needs:

1. Our Consulting Services fees are calculated and charged on an hourly basis at \$250 per hour. An estimate for the total hours is determined at the start of the advisory relationship.
2. Our Consulting Services fees are calculated and charged on a fixed fee basis, typically ranging from \$1,500 to \$10,000, subject to the specific arrangement reached with the client.
3. The fees are based on a percentage of net worth, typically ranging from 0.25% to 0.50% of net worth, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

The client is billed quarterly in advance based on our estimated Consulting Services fees.

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

Shakespeare does not charge performance-based fees.

### **Item 7 Types of Clients**

Shakespeare provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations and other entities

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

**METHODS OF ANALYSIS** - We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.
- **Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is under priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- **Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may under perform regardless of market movement.

- **Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.
- **Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

- **Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

- **Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

- **Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:
  - we believe the securities to be currently undervalued, and/or

- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

- **Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.
- **Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.
- **Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

- **Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal and state securities laws.

Shakespeare and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an

obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Shakespeare's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Kevin@ShakespeareWM.com, or by calling us at 262-814-1600.

## **Item 12 Brokerage Practices**

For discretionary clients, Shakespeare requires clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for transactions in their accounts. These clients must include any limitations on this discretionary authority in this writing as part of the written authority statement. Clients may change/amend these limitations as required, all amendments must be provided to Shakespeare in writing.

For non-discretionary clients, Shakespeare does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Shakespeare as to the broker-dealer to be used.

Shakespeare typically suggests that clients direct us to place trades through the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"). Shakespeare has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Schwab, it should be understood that Shakespeare will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Shakespeare has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

For Financial Planning clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers, provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by Shakespeare when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

Shakespeare will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Shakespeare will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Shakespeare's block trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Shakespeare, or our firm's order allocation policy.

- Shakespeare must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- Shakespeare must reasonably believe that the order aggregation will benefit, and will enable Shakespeare to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- Shakespeare's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- Funds and securities for aggregated orders are clearly identified on Shakespeare Wealth Management, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- No client or account will be favored over another.

Shakespeare may suggest that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we suggest that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Shakespeare is independently owned and operated and not affiliated with Schwab.

Schwab provides Shakespeare 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 advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are contingent upon our firm committing to Schwab a specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, 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 our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.



Schwab Institutional also makes available to our firm other products and services that benefit Shakespeare but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Shakespeare. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Item 13            Review of Accounts**

#### **INVESTMENT SUPERVISORY SERVICES("ISS") MODEL PORTFOLIO MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within the ISS Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly . Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Kevin M. Reardon, President & Mark Ziety, Financial Planner.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

#### **NON DISCRETIONARY MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within the Non Discretionary Model Portfolio Management Services

accounts are regularly monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by: Kevin M. Reardon, President & Mark Ziety, Financial Planner.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, Shakespeare may provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

#### PENSION CONSULTING SERVICES

**REVIEWS:** Shakespeare will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Shakespeare will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: Kevin M. Reardon, President & Mark Ziety, Financial Planner.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

#### FINANCIAL PLANNING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, and will typically be done on a frequent basis, no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive access to reports via their financial planning website. Additional reports will not typically be provided by Shakespeare unless otherwise contracted for.

#### CONSULTING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

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

Shakespeare does not pay referral fees or solicitor fees as it has no such relationships.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current. Our firm does not have actual or constructive custody of client accounts.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell;
- determine the amount of the security to buy or sell;
- determine the timing of the transaction.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

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

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations.

Shakespeare has no such financial circumstances to report.

Shakespeare has not been the subject of a bankruptcy petition at any time during the past ten years.