

**Item 1. Cover Page**

# **Disclosure Brochure**

March 2015

## **Wealthstream Advisors, Inc.**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Wealthstream Advisors, Inc. (hereinafter "Wealthstream" or the "firm"). If you have any questions about the contents of this brochure, please contact Michael E. Goodman at (212) 971-9241. 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 Wealthstream Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number, Wealthstream Advisors, Inc.'s CRD Number is 129428.

Wealthstream Advisors, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item of Wealthstream Advisors Inc.'s (Wealthstream or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated (March 19, 2014.)

### **Material Changes since the Last Update**

Since the last Annual Amendment filing, the Firm has the following material changes to report:

- Wealthstream is no longer affiliated with Clarity Investments + Planning LLC
- The Firm is no longer deemed to have custody. No related person is named trustee on client accounts.

### **Full Brochure Available**

Wealthstream's Form ADV may be requested at any time, without charge by contacting Michael E. Goodman at (212) 971-9241.

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## Item 4. Advisory Business

Since 2004, Wealthstream has been in business as a registered investment adviser, which specializes in providing financial planning and investment management services to high net worth clients. Michael E. Goodman, the president and principal owner of Wealthstream, founded the firm to employ a caring and total financial planning approach to wealth and investment management. Wealthstream is driven by its mission to meet the high standard of quality and service that its clients deserve and expect.

As of December 31, 2014, Wealthstream had \$339,141,840 in assets under management, all of which are managed on a discretionary basis.

Prior to engaging the firm to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Wealthstream setting forth the terms and conditions under which Wealthstream renders its services (collectively the “*Agreement*”).

This disclosure brochure describes the business of Wealthstream. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Wealthstream’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Wealthstream’s behalf and is subject to Wealthstream’s supervision or control.

### Financial Planning Services

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Wealthstream may provide its clients with a broad range of financial planning services, which may include advice on non-investment related matters. Wealthstream generally crafts a personal financial profile for its clients, illustrating their financial values, goals and assets, as well as their interests and charitable concerns. Generally, these financial plans address a broad range of personal matters, including cash flow needs, investment growth, savings strategies, personal investment preferences, individual risk tolerance, as well as retirement, estate, tax, debt, educational and insurance planning.

While certain of Wealthstream’s financial planning services may be rendered as part of a wealth management arrangement (in conjunction with portfolio management, as explained below), Wealthstream may also provide financial plans as a standalone service offering.

In performing its services, Wealthstream is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Wealthstream may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Wealthstream recommends its own services. The client is under no obligation to act upon any of the recommendations made by Wealthstream under a financial planning engagement or to engage the services of any such recommended professional, including Wealthstream itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Wealthstream’s recommendations. Clients are advised that it remains their responsibility to promptly notify Wealthstream if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the firm’s previous recommendations and/or services.

### Investment Management and Wealth Management Services

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Clients can engage Wealthstream to manage all or a portion of their assets on a discretionary or nondiscretionary basis, which may include a broad range of financial planning services.

Wealthstream primarily allocates clients’ investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds (“ETFs”), exchange-traded notes (“ETNs”), individual debt and equity securities and/or options, as well as the securities components of variable annuities in accordance with the investment objectives of the client.

In addition, Wealthstream may render investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Wealthstream either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Wealthstream tailors its advisory services to the individual needs of clients. Wealthstream consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Wealthstream ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Wealthstream if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Wealthstream's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets are invested in sustainable funds) if, in Wealthstream's sole discretion, such conditions would not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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As mentioned above, Wealthstream recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms, compensation and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between the client and the designated *Independent Managers*.

Wealthstream renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. Wealthstream also monitors and reviews the account performance and the client's investment objectives.

When recommending or selecting an *Independent Manager* for a client, Wealthstream reviews information about the *Independent Manager* such as its disclosure statement and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Wealthstream considers in selecting or recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Wealthstream's investment advisory fee.

In addition to Wealthstream's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Wealthstream. In such instances, Wealthstream may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Item 5. Fees and Compensation

Wealthstream offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Wealthstream's *Supervised Persons* may offer insurance products under a commission arrangement.

### Financial Planning Fees

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Wealthstream charges a fixed fee and/or hourly fee for standalone financial planning services. These fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis and/or from \$100 to \$350 on an hourly rate basis, depending upon the level and scope of the services and the professional engaged to render the services. If the client engages Wealthstream for additional investment advisory services, Wealthstream may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Prior to engaging Wealthstream to provide financial planning services, the client is required to enter into a written agreement with Wealthstream setting forth the terms and conditions of the engagement. Generally, Wealthstream requires full payment of the estimated hourly or fixed fee upon execution of the written agreement.

### Investment Management and Wealth Management Fee

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Wealthstream provides investment and wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by Wealthstream. Wealthstream's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Wealthstream does not, however, receive any portion of these commissions, fees, and costs. Wealthstream's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Wealthstream on the last day of the previous quarter. The annual fee varies (between 0.35% and 1.00%) depending upon the market value of the assets under management and the type of investment or wealth management services to be rendered.

### Fee Discretion

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Wealthstream, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), Wealthstream generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") or TD Ameritrade Institutional ("*TD*") for investment management accounts.

Wealthstream may only implement its investment management recommendations after the client has arranged for and furnished Wealthstream with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *TD*, any other broker-dealer recommended by Wealthstream, broker-dealer directed by the client, trust companies, banks, etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund, ETF, or ETN in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Wealthstream's fee.

### **Fee Debit**

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Wealthstream's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Wealthstream or *Independent Managers* to debit the client's account for the amount of Wealthstream's fee and to directly remit that management fee to Wealthstream or the *Independent Managers*. Any *Financial Institutions* recommended by Wealthstream have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Wealthstream.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The *Agreement* between Wealthstream and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Wealthstream's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, upon request.

Additions may be in cash or securities provided that Wealthstream reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Wealthstream may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$25,000 in the aggregate during a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Wealthstream does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.



## Item 7. Types of Clients

Wealthstream generally provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Annual Fee**

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As a condition for starting and maintaining a relationship, Wealthstream generally imposes a minimum annual fee of \$20,000. This minimum fee may have the effect of making Wealthstream's service impractical for clients, particularly those with portfolios less than \$1,334,000 under Wealthstream's management. Wealthstream, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Wealthstream. In such instances, Wealthstream may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Method of Analysis

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Wealthstream applies a largely academic approach to portfolio management, meaning that its investment principles are founded in academic, fundamental based research rather than short term trends and market related hype.

Studying the returns, volatility and correlations of asset classes is one way Wealthstream's portfolios are comprised. Reviewing the composition, tax effects, costs and operations of the potential investment vehicles is also part of this process. This is done using professional and public databases, attending industry conferences, reading journals and interacting with other investment professionals.

### Investment Strategy

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Wealthstream's investment strategy is premised around the development of a portfolio that is designed to achieve a client's desired rate of return, sensitive to a client's individual risk tolerance, and in line with the expected time horizon of the invested funds.

It is Wealthstream's view that the overwhelming determinant of success of an investment strategy tends to be less related to the securities that are bought and sold, and more akin to how capital is allocated among various asset classes. Wealthstream does not advocate market timing or tactical asset allocation, and attempts to avoid investment decisions based on short-term market changes.

As such, the firm employs a range of model portfolio composites containing a mix of asset classes. In most cases, the firm utilizes mutual funds to effectuate its strategy, but may also do so through the use of ETFs or ETNs. In certain cases, where a client has a substantial portion of assets invested in fixed income securities, Wealthstream may employ the services of an *Independent Manager* to manage a portion of the bond portfolio. For equity allocations, the firm primarily invests in vehicles that employ passive management strategies, while fixed income allocations are generally specific to a narrow range of maturity rates and credit quality.

Wealthstream also strives to account for its clients' individual tax implications, endeavoring to rebalance portfolios at least annually and harvest tax losses, or otherwise as it sees fit.

### Mutual Funds, ETFs and ETNs

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An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a fund investor may incur substantial tax liabilities even when the fund underperforms. Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The NAV per share of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally,

an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

An Exchange-Traded Note (“ETN”) is a senior unsecured, unsubordinated debt security issued by a financial institution. ETNs are designed to provide investors access to the returns of various market benchmarks. The returns of ETNs are usually linked to the performance of a market benchmark or strategy, less investor fees. When an investor buys an ETN, the financial institution promises to pay the amount reflected in the index, minus fees, upon maturity.

Though linked to the performance of a market benchmark, ETNs are not equities or index funds, but they do share several characteristics. Similar to equities, they are traded on the exchange and can be sold short. Similar to index funds, they are linked to the return of a benchmark index. As debt securities, ETNs don’t own the underlying securities in the index. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer. Thus, the ETN has an additional risk compared to an ETF, the credit risk of the issuing financial institution, counterparty risk. If the issuer goes bankrupt, the investment may lose value the same way a senior debt would.

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## Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

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## Market Risks

The profitability of a significant portion of Wealthstream’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Wealthstream will be able to predict those price movements accurately.

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## Management Through Similarly Managed Accounts

For certain clients, Wealthstream may manage portfolios by allocating portfolio assets among various mutual funds and securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Wealthstream buys, sells, exchanges and/or transfers shares of mutual funds and securities based upon the *investment strategy*.

Wealthstream’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to Wealthstream’s clients may be limited. As further discussed in response to Item 12 (below), Wealthstream allocates investment opportunities among its clients on a fair and equitable basis.

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## Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Wealthstream is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Wealthstream does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

Wealthstream is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Accountant**

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Michael E. Goodman and Tracy Shar are Certified Public Accountants (CPAs). They do not practice traditional accounting outside of their role at the Firm.

### **Receipt of Insurance Commissions**

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Certain of Wealthstream's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Wealthstream or its *Supervised Persons* recommend the purchase of insurance products where Wealthstream or its *Supervised Persons* receive insurance commissions or other additional compensation.

### **Use of Independent Managers**

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Wealthstream may recommend the use of *Independent Managers* for certain clients. Wealthstream will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Wealthstream does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

## Item 11. Code of Ethics

Wealthstream and persons associated with Wealthstream (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Wealthstream’s policies and procedures.

Wealthstream has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Wealthstream or any of its associated persons. The *Code of Ethics* also requires that certain of Wealthstream’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Clients and prospective clients may contact Wealthstream to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

### Research and Other Soft Dollar Benefits

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Wealthstream does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions.

### Brokerage for Client Referrals

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Wealthstream does not receive client referrals from broker/dealers.

### Directed Brokerage

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As discussed above, in Item 5, Wealthstream generally recommends that clients utilize the brokerage and clearing services of *Fidelity* or *TD*.

Factors which Wealthstream considers in recommending *Fidelity* or *TD* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* and *TD* enable Wealthstream to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* and *TD* may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Wealthstream's clients comply with Wealthstream's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Wealthstream determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Wealthstream seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Wealthstream periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Wealthstream in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Wealthstream will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Wealthstream (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Wealthstream may decline a client's request to direct brokerage if, in Wealthstream's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Wealthstream decides to purchase or sell the same securities for several clients at approximately the same time. Wealthstream may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Wealthstream's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Wealthstream's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Wealthstream determines to aggregate client orders for the purchase or sale of securities, including securities in which Wealthstream's Supervised Persons may invest, Wealthstream shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action

guidance provided by the staff of the U.S. Securities and Exchange Commission. Wealthstream shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Wealthstream determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Wealthstream may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Wealthstream in its investment decision-making process. Such research generally will be used to service all of Wealthstream's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Wealthstream does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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Wealthstream may receive from *Fidelity* or *TD*, without cost to Wealthstream, computer software and related systems support, which allow Wealthstream to better monitor client accounts maintained at each Financial Institution. Wealthstream may receive the software and related support without cost because Wealthstream renders investment management services to clients that maintain assets at *Fidelity* or *TD*. The software and related systems support may benefit Wealthstream, but not its clients directly. In fulfilling its duties to its clients, Wealthstream endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Wealthstream's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Wealthstream's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### **Trade Aggregation**

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Wealthstream may aggregate trades for multiple accounts. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. If a partial execution is attained at the end of the trading day, Wealthstream will generally allocate shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions. Wealthstream's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for Wealthstream or its employees may be included in a block trade with client accounts.



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

For those clients to whom Wealthstream provides investment management services, Wealthstream monitors those portfolios as part of an ongoing process while regular account reviews are conducted periodically. For those clients to whom Wealthstream provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by Michael E. Goodman, President and Chief Compliance Officer; Tracy Shar, Wealth Manager; Michael Kimmel, Wealth Manager; Mark Kazmac, Wealth Manager; and Matthew Gordon, Wealth Manager. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Wealthstream and to keep Wealthstream informed of any changes thereto. Wealthstream contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Wealthstream provides investment advisory services will also receive a report from Wealthstream that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Wealthstream.

Those clients to whom Wealthstream provides financial planning services will receive reports from Wealthstream summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Wealthstream.

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

Wealthstream is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Wealthstream is required to disclose any direct or indirect compensation that it provides for client referrals.

Wealthstream may also receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## **Item 15. Custody**

Wealthstream's Agreement and/or the separate agreement with any Financial Institution may authorize Wealthstream through such Financial Institution to debit the client's account for the amount of Wealthstream's fee and to directly remit that management fee to Wealthstream in accordance with applicable custody rules.

The Financial Institutions recommended by Wealthstream have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Wealthstream. In addition, as discussed in Item 13, Wealthstream also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Wealthstream.

## Item 16. Investment Discretion

Wealthstream may retain the authority to exercise discretion on behalf of clients. Wealthstream is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Wealthstream is given this authority through a power-of-attorney included in the agreement between Wealthstream and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Wealthstream takes discretion over the following activities:

- ☐ The securities to be purchased or sold;
- ☐ The amount of securities to be purchased or sold; and
- ☐ When transactions are made.

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

Wealthstream is required to disclose if it accepts authority to vote client securities. Wealthstream does not vote client securities on behalf of its clients.

## **Item 18. Financial Information**

Wealthstream does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Wealthstream is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Wealthstream has no disclosures pursuant to this Item.