

# **Welch Investments, LLC**

**SEC File Number: 801 – 56718**

## **ADV Part 2A, Brochure**

**Dated: August 9, 2016**

**Contact: Greg Weyandt, Chief Compliance Officer**  
**3940 Montclair Road, Suite 501**  
**Birmingham, Alabama 35213**  
**Website: [www.welchinv.com](http://www.welchinv.com)**

**This Brochure provides information about the qualifications and business practices of Welch Investments, LLC (“Welch Investments”). If you have any questions about the contents of this Brochure, please contact us at (205) 879-5001 or [greg@welchgroup.com](mailto:greg@welchgroup.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Welch Investments also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Welch Investments as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Welch Investments' Brochure since a previous Annual Amendment filing on March 11, 2015, or the most recent Annual Amendment filing on February 17, 2016. While not a material change, this Brochure has been amended throughout to reflect the name change from "Fee-Only Planning Professionals, LLC" to "Welch Investments, LLC."

**ANY QUESTIONS: Welch Investments' Chief Compliance Officer, Greg Weyandt, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

## **Item 3           Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business.....	3
Item 5	Fees and Compensation.....	6
Item 6	Performance-Based Fees and Side-by-Side Management.....	7
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9	Disciplinary Information.....	8
Item 10	Other Financial Industry Activities and Affiliations.....	8
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12	Brokerage Practices.....	10
Item 13	Review of Accounts.....	12
Item 14	Client Referrals and Other Compensation.....	12
Item 15	Custody.....	13
Item 16	Investment Discretion.....	13
Item 17	Voting Client Securities.....	13
Item 18	Financial Information.....	14

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

- A. Welch Investments is a limited liability company formed on June 17, 1999 in the State of Alabama, originally under the name “Fee-Only Planning Professionals, LLC.” Welch Investments became registered as an Investment Adviser Firm in July 1999. Welch Investments is principally owned by Stewart H. Welch, III, Welch Investments’ Managing Member.
- B. As discussed below, Welch Investments provides its clients (individuals, pension and profit sharing plans, trusts, and business entities, etc.) with portfolio design/management services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **PORTFOLIO DESIGN/MANAGEMENT**

In the event the client desires, the client can engage Welch Investments to design an investment portfolio and provide ongoing corresponding investment management services on a *fee-only* basis. In the event the client determines to implement investment recommendations through Welch Investments on a *fee-only* basis, Welch Investments’ investment management fee shall generally include any ongoing investment related financial analysis and/or consulting services. In limited situations (i.e. non-investment management clients, and investment management clients that require a disproportionate amount of consulting services), Welch Investments may charge an hourly fee for investment-related consulting services.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent it is specifically requested to do so, Welch Investments may provide its clients with a broad range of financial analysis and consulting services (including non-investment related matters). Welch Investments renders financial analysis and/or consulting services on an hourly rate basis. Prior to engaging Welch Investments to provide financial analysis and/or consulting services, the client will generally be required to enter into a *Financial Advisory Agreement* with Welch Investments setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Welch Investments commencing services. If requested by the client, Welch Investments may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Welch Investments. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the client’s responsibility to promptly notify Welch Investments if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Welch Investments’ previous recommendations and/or services.

## MISCELLANEOUS

**Additional Investment Management Services.** Welch Investments may also render discretionary investment management services to clients relative to: (1) variable annuity products that they may own, or (2) their individual employer-sponsored retirement plans. In so doing, Welch Investments either directs the allocation of client assets among the various mutual fund subdivisions which comprise the variable annuity product or the retirement plan based upon the investment objectives of the client. For these services, Welch Investments' management fee is paid quarterly in advance, based upon the market value of the assets on the last day of the previous quarter. Client assets shall be maintained at either the specific insurance company that issued the variable annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, we may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. **Please Note:** We **do not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal or accounting services. Accordingly, we **do not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Welch Investments or its representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Retirement Plan Rollovers-No Obligation/Conflict of Interest.** A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Welch Investments may recommend that a client roll over plan assets to an IRA managed by Welch Investments. As a result Welch Investments and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Welch Investments (unless clients engage Welch Investments to monitor and/or manage the account while maintained at his/her employer). Welch Investments has an economic incentive to encourage a client to roll plan assets into an IRA that Welch Investments will manage **or** to engage Welch Investments to monitor and/or manage the account while maintained at the client's employer. There are various factors that Welch Investments may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus

Welch Investments', (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to roll over plan assets to an IRA managed by Welch Investments or to engage Welch Investments to monitor and/or manage the account while maintained at the client's employer. Please Note:** If Welch Investments' engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **Welch Investments' Chief Compliance Officer, Greg Weyandt, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**Use of Mutual Funds.** While Welch Investments may recommend allocating investment assets to mutual funds that are not available directly to the public, Welch Investments may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Welch Investments as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Welch Investments as an investment advisor, the client or prospective client would not receive the benefit of Welch Investments' initial and ongoing investment advisory services

**Client Obligations.** In performing its services, Welch Investments shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Welch Investments if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Welch Investments' previous recommendations and/or services.

**Disclosure Statement.** A copy of Welch Investments' written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Financial Advisory Agreement*.

- C. Welch Investments shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Welch Investments shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Welch Investments' services.
- D. Welch Investments does not participate in a wrap fee program.
- E. As of December 31, 2015, Welch Investments had \$186,235,762 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

A.

### PORTFOLIO DESIGN/MANAGEMENT

In the event the client desires, the client can engage Welch Investments to design an investment portfolio and provide ongoing corresponding investment management services on a negotiable *fee only* basis. In the event the client determines to implement investment recommendations through Welch Investments on a *fee-only* basis, Welch Investments shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Welch Investments. The investment management fee charged shall vary between negotiable and 1.20% as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Less than \$1,000,000	1.20%
\$1,000,001-\$3,000,000	1.00%
\$3,000,001-\$5,000,000	0.80%

Welch Investments' investment management fee is generally inclusive of any ongoing investment related financial analysis and/or consulting services. In limited situations (i.e. non-investment management clients, and investment management clients that require a disproportionate amount of consulting services), Welch Investments may charge an hourly fee for investment-related consulting services.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent it is specifically requested to do so, Welch Investments may provide its clients with a broad range of financial analysis and consulting services (including non-investment related matters). Welch Investments renders financial analysis and/or consulting services on an hourly rate basis of \$250.00 per hour.

- B. Clients may elect to have Welch Investments' advisory fees deducted from their custodial account. Both Welch Investments' *Financial Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Welch Investments' investment advisory fee and to directly remit that management fee to Welch Investments in compliance with regulatory procedures. In the limited event that Welch Investments bills the client directly, payment is due upon receipt of Welch Investments' invoice. Welch Investments shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Welch Investments shall generally recommend that Charles Schwab Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Welch Investments' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Welch Investments' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The *Financial Advisory Agreement* between Welch Investments and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Financial Advisory Agreement*. Upon termination, Welch Investments shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. Neither Welch Investments, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Welch Investments, nor any supervised person of Welch Investments, accepts performance-based fees.

## **Item 7            Types of Clients**

Welch Investments' clients shall generally include individuals, business entities, pension and profit sharing plans and trusts. Welch Investments does not generally require an annual minimum fee or asset level for investment advisory services. Welch Investments, in its sole discretion, may charge a lesser investment 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, negotiations with client, etc.).

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

- A. Welch Investments may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Welch Investments may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Welch Investments) will be profitable or equal any specific performance level(s).

- B. Welch Investments' methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Welch Investments must have access to current/new market information. Welch Investments has no control over the dissemination rate of market information; therefore, unbeknownst to Welch Investments, certain analyses may be compiled with outdated market information, severely limiting the value of Welch Investments' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Welch Investments' primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, Welch Investments intends to primarily allocate investment management assets of its client accounts among individual equity securities (stock), debt (bonds) and/or various no-load mutual fund classes (including mutual fund subdivisions which comprise a variable annuity product owned by the client), on a discretionary basis in accordance with the investment objectives of the client.

## **Item 9            Disciplinary Information**

Welch Investments has not been the subject of any disciplinary actions.

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

- A. Neither Welch Investments, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Welch Investments, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Investment Adviser.** Welch Investments is affiliated with The Welch Group ("Welch"), an SEC registered investment adviser (SEC Filing No.: 801-56254). Stewart H. Welch III, the Managing Member of Welch Investments is a member and owner of *Welch*. Welch Investments may refer certain clients to *Welch* for investment advisory services. Because of Mr. Welch's ownership interest in *Welch*, there is a ***conflict of interest***. No client of Welch Investments is required to use the services of *Welch*.



**National Advisors Holding, Inc.** Welch Investments' Member, Stewart H. Welch, in his individual capacity, is a shareholder of National Advisors Holdings, Inc. ("NAH"), a company that formed a federal trust company, National Advisors Trust Company ("NATC") that is engaged in providing trust services. Currently, Welch Investments has not recommended NATC's services to its clients. In the event that it may do so in the future, a conflict of interest will arise as a result of Mr. Welch's ownership interest in NAH. No client of Welch Investments will be required to use NATC's services.

**Welch Investments' Chief Compliance Officer, Gregory Weyandt, remains available to address any questions that a client or prospective client may have regarding the above relationship/arrangement and any corresponding conflict of interest such relationship/arrangement may create.**

- D. Welch Investments does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Welch Investments maintains an investment policy relative to personal securities transactions. This investment policy is part of Welch Investments' overall Code of Ethics, which serves to establish a standard of business conduct for all of Welch Investments' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Welch Investments also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Welch Investments or any person associated with Welch Investments.

- B. Neither Welch Investments nor any related person of Welch Investments recommends, buys, or sells for client accounts, securities in which Welch Investments or any related person of Welch Investments has a material financial interest.
- C. Welch Investments and/or representatives of Welch Investments *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Welch Investments and/or representatives of Welch Investments are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Welch Investments did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Welch Investments' clients) and other potentially abusive practices.

Welch Investments has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Welch Investments' "Access Persons." Welch Investments' securities transaction policy requires that an Access Person of Welch Investments must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10)

days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Welch Investments selects; provided, however that at any time that Welch Investments has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Welch Investments and/or representatives of Welch Investments *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Welch Investments and/or representatives of Welch Investments are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, Welch Investments has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Welch Investments' Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Welch Investments recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Welch Investments to use a specific broker-dealer/custodian), Welch Investments generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Welch Investments to provide investment management services, the client will be required to enter into a formal *Financial Advisory Agreement* with Welch Investments setting forth the terms and conditions under which Welch Investments shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Welch Investments considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Welch Investments, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Welch Investments' clients shall comply with Welch Investments' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Welch Investments determines, in good faith, that the commission/transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Welch Investments will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Welch Investments' investment management fee. Welch Investments' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Welch Investments may receive from *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Welch Investments to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Welch Investments may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Welch Investments in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Welch Investments in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Welch Investments to manage and further develop its business enterprise.

Welch Investments' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Welch Investments to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. Welch Investments does not receive referrals from broker-dealers.
3. Welch Investments does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Welch Investments will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Welch Investments. As a result, 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.

**Please Note:** In the event that the client directs Welch Investments to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Welch Investments. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **Welch Investments' Chief Compliance Officer, Gregory Weyandt, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Welch Investments provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Welch Investments decides to purchase or sell the same securities for several clients at approximately the same time. Welch Investments may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Welch Investments’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Welch Investments shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Welch Investments provides investment supervisory services, account reviews are conducted on an ongoing basis by Welch Investments’ Principals and/or representatives. All clients are advised that it remains their responsibility to advise Welch Investments of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Welch Investments on an annual basis.
- B. Welch Investments *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

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

- A. As referenced in Item 12.A.1 above, Welch Investments may receive indirect economic benefit from *Schwab*, including support services and/or products without cost (and/or at a discount).

Welch Investments’ clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Welch Investments to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. Neither Welch Investments nor any related person of Welch Investments directly or indirectly compensates any person for client referrals.

## Item 15 Custody

Welch Investments shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

**Please Note:** To the extent that Welch Investments provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Welch Investments with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Welch Investments' advisory fee calculation.

**Please Also Note: Custody Situations:** Welch Investments engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

## Item 16 Investment Discretion

The client can determine to engage Welch Investments to provide investment advisory services on a discretionary basis. Prior to Welch Investments assuming discretionary authority over a client's account, the client shall be required to execute a *Financial Advisory Agreement*, naming Welch Investments as the client's attorney and agent in fact, granting Welch Investments full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Welch Investments on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Welch Investments' discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Welch Investments' use of margin, etc.).

## Item 17 Voting Client Securities

- A. Welch Investments does not vote client proxies. 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Welch Investments to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. Welch Investments does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Welch Investments is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Welch Investments has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Welch Investments' Chief Compliance Officer, Gregory Weyandt, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**