



## FORM ADV, PART 2A

# **WMS Partners, LLC**

SEC File Number: 801 – 46692

## **Brochure**

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**Contact: Timothy Chase, Chief Compliance Officer  
Towson City Center  
1 Olympic Place, 8th Floor  
Towson, Maryland 21204  
[www.wms-partners.com](http://www.wms-partners.com)**

**This brochure provides information about the qualifications and business practices of WMS Partners, LLC (“WMS”). If you have any questions about the contents of this brochure, please contact us at (410) 337-7575 or [tchase@wms-partners.com](mailto:tchase@wms-partners.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 WMS Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to WMS Partners, LLC 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

Since the last Annual Amendment filing on or about March 27, 2016, references to the WMS Private Income Fund I, LLC have been added to the list of WMS's affiliated private funds, and a description of billing for WMS Private Income Fund I, LLC's non-advisory investors has been added and/or updated. Additionally, several advisors have been added to the brochure supplement. **No other changes to the ADV for WMS Partners, LLC have been made in this other than annual amendment.**

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## Item 4 Advisory Business

- A. WMS Partners, LLC (“WMS”) is a limited liability company formed under the laws of the State of Maryland in 1993. WMS became registered as an Investment Advisor Firm in March, 1993. WMS is owned by 14 Partners, of which, Timothy Chase, Martin Eby and David Citron are majority holders. Timothy Chase is WMS’s Chief Executive Officer.
- B. As discussed below, WMS offers to its clients investment advisory services. In addition, WMS offers clients financial planning and related consulting services to the extent specifically requested by the client. WMS’s clients include without limitation: individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations.

### **INVESTMENT ADVISORY SERVICES**

WMS offer its clients the option to engage WMS’s investment advisory services on either a discretionary (WMS makes buy and sell decisions) or non-discretionary (the client makes buy and sell decisions) basis. WMS’s clients pay for these services on a *fee-only* basis.

WMS’s annual investment advisory fee is calculated on a sliding scale, based on the market value of the client’s assets under management. For a detailed explanation of WMS’s fee schedule, please see Item 5.

WMS’s annual investment advisory fee shall include investment advisory services, along with any financial planning and consulting services that have been specifically requested by the client. In the event that the client requires extraordinary planning and/or consultation services (as determined by WMS, in its sole discretion), WMS may charge for such additional services. The dollar value of any such additional services shall be set forth in a separate written notice to the client.

**Affiliated Private Investment Funds.** WMS also serves as the investment advisor and/or manager to several Affiliated Private Funds, including specifically: the WMS Chestnut Fund; the WMS Private Income Fund I; the WMS Fairmount Fund; the WMS Income Opportunity Funds; the WMS Real Estate Opportunity Fund; the WMS Susquehanna Fund; the WMS Venture Partners Fund; and the WMS Washington Fund (collectively, the “*Affiliated Private Funds*”). After the date this other than annual amendment filing, with the exception of the WMS Chestnut Fund, all Affiliated Private Funds are closed to new investors.

WMS may, on a non-discretionary basis, recommend that qualified clients consider allocating a portion of their investment assets to the *Affiliated Private Funds*. The terms and conditions for participation in the *Affiliated Private Funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. WMS’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Advisory clients who invest in the **WMS Chestnut Fund, LLC**, do not pay an additional management fee through the Fund. The assets invested in the Chestnut Fund are included in the advisory fee as part of the total assets under management, and no separate management fee is charged for investment in the Chestnut Fund.

Non-advisory clients who invest in the WMS Chestnut Fund, LLC are subject to an annual management fee, as set forth more fully in Item 5.

Advisory clients who invest in the **WMS Private Income Fund I, LLC**, do not pay an additional management fee through the Fund. The assets invested in the WMS Private Income Fund I, LLC are included in the advisory fee as part of the total assets under management, and no separate management fee is charged for investment in the WMS Private Income Fund.

Non-advisory clients who invest in the WMS Private Income Fund I, LLC are subject to an annual management fee, as set forth more fully in Item 5.

Investors are not charged performance fees for their investment in either the WMS Chestnut Fund or the WMS Private Income Fund I, LLC.

**Please Note: Conflict Of Interest.** Because WMS and/or its affiliates can earn compensation from the *Affiliated Private Funds* (both management fees and incentive compensation) that may exceed the fee that WMS would earn under the standard (asset based) fee schedule referenced in Item 5 below, the recommendation that a client become an *Affiliated Private Funds* investor presents a **conflict of interest**. No client is under any obligation to become an *Affiliated Private Funds* investor. **WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions regarding this conflict of interest.**

**Unaffiliated Private Investment Funds.** WMS may provide investment advice regarding investment funds to which it has no affiliation. In these circumstances, WMS's role shall be limited to its initial and ongoing due diligence and investment monitoring services. Should one of WMS's clients decide to become an investor in one of these unaffiliated private funds, WMS will include those invested assets in determining the client's "assets under management," and the investment advisory fee paid by the client shall be adjusted accordingly. **WMS's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).**

**Please Note:** Private investment funds, whether *Affiliated Private Investment Funds* or *Unaffiliated Private Investment Funds* generally involve various risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints and lack of transparency. These offering documents will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing.

In addition, there are generally several minimum qualifications that the client must meet prior to being permitted to invest in the fund. Each prospective client investor will be required to complete a Subscription Agreement establishing that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that WMS references private investment funds owned by the client on any supplemental account reports prepared by WMS, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

WMS's annual investment advisory fee shall include investment advisory services. In addition, WMS offers clients financial planning and related consulting services **to the extent specifically requested by the client**. WMS's clients include without limitation: individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations.

#### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, WMS *may* provide consulting services regarding non-investment related matters, including but not limited to estate planning, tax planning and insurance coverage. Neither WMS, nor any of its representatives, serve as an attorney, accountant, or licensed insurance agent to the client, and no portion of WMS's services should be construed as same. To the extent requested by a client, WMS may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). 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 WMS.

**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 WMS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising WMS's previous recommendations and/or services.

**Non-Discretionary Service Limitations.** Any client who decides to engage WMS on a non-discretionary investment advisory basis **must be willing to accept** that WMS cannot effect any account transactions without obtaining prior verbal consent to do so from the client. This requirement would preclude WMS from acting autonomously in response to any major market event. Thus, in the event of a market correction during which the client is unavailable, **WMS will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.**

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

**Disclosure Statement.** A copy of WMS's 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 an *Engagement Agreement* between WMS and its client.

- C. In light of the fact that each client is different, WMS provides investment advice specific to the needs of each individual client. As such, WMS's first step in forming its investment advisory relationship is to ascertain each client's unique investment objective(s). Thereafter, WMS shall allocate and/or recommend that the client allocate its investment assets consistent with those investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on WMS's services.



- D. WMS does not participate in a wrap fee program.
- E. As of December 31, 2015 WMS had \$2,031,363,673 in assets under management on a discretionary basis and \$856,135,241 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. Fees for Investment Advisory Services**

WMS offers its clients the option to engage WMS's investment advisory services on either a discretionary (WMS directs buy and sell decisions) or non-discretionary (the client directs buy and sell decisions) basis. WMS's clients pay for these services on a *fee-only* basis.

WMS's annual investment advisory fee is calculated on a sliding scale, based on the market value of the client's assets under management, as follows:

<u>Market Value of Client's Portfolio</u>	<u>% of Assets</u>
\$1 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.75%
\$10,000,001 to \$25,000,000	0.50%
\$25,000,001 and Over	0.25%

Notwithstanding the fee breakdown above, the rates charged to a client for investment advisory services are subject to negotiation between WMS and the client, up to the percentages set forth above.

WMS's annual investment advisory fee shall include investment advisory services, along with any financial planning and consulting services that have been specifically requested by the client. In the event that the client requires extraordinary planning and/or consultation services (as determined by WMS, in its sole discretion), WMS may charge for such additional services. The dollar value of any such additional services shall be set forth in a separate written notice to the client.

### **B. Billing, Payment & Deduction of Fees from Client Custodial Accounts**

Clients may elect to have WMS's advisory fees deducted from their custodial account. Both WMS's *Engagement Agreement* and the custodial/clearing agreement with the custodian may authorize the custodian to debit the client's account in an amount equal to WMS's investment advisory fee, and to directly remit that management fee to WMS. This deduction would be made in compliance with all relevant agreements, and in compliance with regulatory procedures. In the limited event that WMS bills the client directly, payment is due upon receipt of WMS's invoice.

WMS 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 without regard to any withdrawals or deposits made into a client's account during a billing period.

### **C. Recommendation of Custodians**

Unless the client directs otherwise or an individual client's circumstances require, WMS shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") and/or TD Ameritrade ("*Ameritrade*") serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as *Schwab* and/or *Ameritrade* 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 WMS's investment management fee, brokerage commissions and/or transaction fees, clients will also incur charges imposed at the fund level (e.g. management fees and other fund expenses) related to all mutual fund, private equity and exchange traded fund purchases.

#### **D. Minimum Client Assets & Engagement Agreements**

WMS generally requires an aggregate minimum asset level of \$3,000,000 for investment advisory services. WMS, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset requirement 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.).

The *Engagement Agreement* between WMS and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Engagement Agreement*. Upon termination, WMS shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

#### **E. Billing for the WMS Chestnut Fund**

Advisory clients who invest in the WMS Chestnut Fund, LLC, will not pay an additional management fee through the Fund. The assets invested in the fund are included in the fund's calculation of its advisory fee.

Non-advisory clients who invest in the WMS Chestnut Fund, LLC are subject to the following annual management fee:

- i. 0.75% for investments at or above \$1 million
- ii. 1.0% for investments below \$1 million

There are no performance fees for the WMS Chestnut Fund.

#### **F. Billing for the WMS Private Income Fund I, LLC**

Advisory clients who invest in the WMS Private Income Fund I, LLC, will not pay an additional management fee through the Fund. The assets invested in the fund are included in the fund's calculation of its advisory fee.

Non-advisory clients who invest in the WMS Private Income Fund I, LLC are subject to a management fee equal to 1.00% of the client's capital account with the WMS Private Income Fund I, LLC. Notwithstanding the immediately preceding sentence, WMS reserves the right to reduce or waive the management fee for non-advisory clients.

There are no performance fees for the WMS Private Income Fund I, LLC.

#### **G. No Third Party Commissions**

Neither WMS, nor its representatives accept compensation from the sale of securities or other investment products.



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

Rule 205-3 of the Investment Advisers Act of 1940 permits a registered investment adviser to enter into a performance fee agreement with certain sophisticated clients who have the capacity to bear the potential additional risks of such a fee arrangement. An adviser can rely on Rule 205-3 only if the performance fee agreement is with “Qualified Clients”. Qualified Clients are defined in the Rule as natural persons and companies that have *either* at least \$1,000,000.00 under management with WMS immediately after entering into a performance fee agreement *or* a net worth at the time the agreement is entered into in excess of \$2 Million excluding their primary residence (i.e. a natural person’s net worth may include assets held jointly with a spouse).

Consistent with the parameters of Rule 205-3 of the Investment Advisers Act of 1940 (to the extent Rule 205-3 is applicable), WMS may also receive, for managed accounts, incentive or performance fee compensation on a fully disclosed written basis. The terms and conditions of the performance fee arrangement shall be set forth in an *Addendum* to the *Engagement Agreement*. In the *Addendum*, the client will be required to represent and/or warrant that he/she/it: (1) is a “Qualified Client” as defined above; (2) understands that WMS is relying upon such representation for compliance with Rule 205-3; and (3) that the *Performance Fee* may be an incentive for WMS to make investments that are riskier or more speculative than would be the case absent a *Performance Fee*. **WMS’s Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

## Item 7 Types of Clients

WMS’s clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. WMS generally requires an aggregate annual minimum asset level of \$3,000,000 for investment advisory services. Notwithstanding these policies, WMS reserves the right, in its sole discretion, to waive or reduce its minimum asset requirement.

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

A. WMS 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)
- **Cyclical** – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

WMS 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.** 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 WMS) will be profitable or equal any specific performance level(s).

- B. WMS's 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 WMS must have access to current/new market information. WMS has no control over the dissemination rate of market information; therefore, unbeknownst to WMS, certain analyses may be compiled with outdated market information, severely limiting the value of WMS's 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.

WMS's 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, WMS primarily allocates client investment assets among various individual equity (stocks), fixed income securities, mutual funds and/or exchange traded funds on a discretionary basis and, as described below, private investment funds, including *Affiliated Private Funds* on a non-discretionary basis in accordance with the client's designated investment objective(s).

Please see Item 4 discussing the firm's risks and conflicts in investing in affiliated and unaffiliated investment vehicles.

## **Item 9      Disciplinary Information**

WMS has not been the subject of any disciplinary actions.

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

- A. Neither WMS, 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 WMS, 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. Sponsor or Syndicator of Limited Partnerships.** As described above in Item 4.B, WMS is also the investment advisor to several Affiliated Private Funds. WMS's clients may elect to purchase ownership interests in an Affiliated Private Fund directly from WMS.

Please see Item 4 discussing the firm's conflicts of interest related to WMS's recommendation of a client's purchase of an Affiliated Private Fund. No client is under any obligation to purchase any limited ownership interests from WMS. **WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

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

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

- B.** As disclosed above, WMS has a financial interest in the *Affiliated Private Funds*. WMS, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *Affiliated Private Funds*. The terms and conditions for participation in the *Affiliated Private Funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in each individual fund's offering documents. **WMS's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).**

**WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

- C.** WMS and/or representatives of WMS *may* buy or sell securities that are also recommended to clients. This practice may create a situation where WMS and/or representatives of WMS 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 a 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 WMS 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 WMS's clients) and other potentially abusive practices.

WMS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of WMS's "Access Persons". WMS's securities

transaction policy requires that an Access Person of WMS 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 WMS selects; provided, however that at any time that WMS has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. WMS and/or representatives of WMS *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where WMS and/or representatives of WMS 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, WMS has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of WMS's Access Persons.

## **Item 12      Brokerage Practices**

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

Factors that WMS considers in recommending *Schwab* and/or *Ameritrade* (or any other broker-dealer/custodian to clients) include, among others, historical relationship with WMS, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by WMS's clients shall comply with WMS's 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 WMS 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 WMS 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, WMS's investment management fee. WMS's 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, WMS may receive from *Schwab* and/or *Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist WMS to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by WMS 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 WMS 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 WMS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist WMS to manage and further develop its business enterprise.

WMS's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/ or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by WMS to *Schwab* and/or *Ameritrade* 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 result of the above arrangement.

**WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. WMS does not receive referrals from broker-dealers.
3. WMS 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 WMS 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 WMS. 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 WMS 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 WMS.

**WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that WMS provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless WMS decides to purchase or sell the same securities for several clients at approximately the same time. WMS 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 WMS's 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. WMS 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 WMS provides investment supervisory services, account reviews are conducted on an ongoing basis by WMS's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise WMS of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with WMS on an annual basis.
- B. WMS *may* conduct account reviews on other than periodic a 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, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. WMS may also provide a written periodic report summarizing account activity and performance.

### Item 14      Client Referrals and Other Compensation

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

WMS's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by WMS to *Schwab* and/or *Ameritrade* 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 result of the above arrangement.

**WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to WMS by either an unaffiliated or an affiliated solicitor, WMS *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from WMS's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to WMS by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of WMS's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between WMS and the solicitor, including the compensation to be received by the solicitor from WMS.

### Item 15      Custody

WMS is deemed to have custody of the Affiliated Private Funds it manages, and accounts for which there are standing instructions on file with the custodian for WMS to facilitate transactions



to a third party. The Affiliated Private Funds are audited annually, and the accounts with the custodians are subject to a surprise custody examination annually. Both functions are performed by a Public Company Accounting Oversight Board (PCAOB) firm. At no time will WMS have physical custody of client funds or securities

WMS shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. WMS may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that WMS provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by WMS with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of WMS's advisory fee calculation.

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

The client can determine to engage WMS to provide investment advisory services on a discretionary basis. Prior to WMS assuming discretionary authority over a client's account, the client shall be required to execute an *Engagement Agreement*, naming WMS as the client's attorney and agent in fact, granting WMS 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 WMS on a discretionary basis may, at any time, impose restrictions, **in writing**, on WMS's 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 WMS's use of margin, etc.).

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

- A. WMS does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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 WMS to discuss any questions they may have with a particular solicitation.

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

- A. WMS does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. WMS 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. WMS has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

WMS | PARTNER