



## **FORM ADV, PART 2A**

# **WMS Partners, LLC**

SEC File Number: 801 – 46692

## **Brochure**

**Dated March 26, 2018**

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**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 Annual Amendment filed in March of 2017, the following material changes have been made to WMS's Part 2A Brochure: WMS has made disclosure additions and enhancements below, including regarding retirement rollovers, mutual funds, and changes to the description of WMS's management team—including the fact that Pace Kessenich is the Chief Executive Officer & President of WMS Partners, LLC, Paul Speargas is the Chief Investment Officer, Chad Norfolk is the Chief Advisory Officer, Timothy Chase is the firm's Chairman and Chief Compliance Officer, and Sam Beritela is the firm's Chief Financial Officer. The firm has also updated this brochure to reflect the opening of its first branch office in Columbia, Maryland. The firm's regulatory assets under management have been updated. Disclosures have been provided relating to eMoney, the firm's use of By All Accounts, the potential use of asset based pricing, reference to the Department of Labor's fiduciary rule and retirement rollovers, reference to Dimensional Fund Advisors, references to mutual funds availability independent of WMS,, and the firm's approach to the introduction to other professionals.

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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 equity Partners, of which, Timothy Chase, Martin Eby and David Citron are majority holders. Pace Kessenich is President and Chief Executive Officer of WMS Partners, LLC. Paul Speargas is Chief Investment Officer. Mr. Sam Beritela is Chief Financial Officer. Timothy Chase is WMS’s Chairman and Chief Compliance Officer. Mr. Chad Norfolk is WMS’s Chief Advisory Officer. WMS’s principal office is in Towson, Maryland, at the address listed on the cover page above. In January 2018, WMS also opened a satellite office located at 10980 Grantchester Way, Columbia, Maryland 21044.
- 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 offers 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. At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of related accounts. This consolidation practice is designed to allow a client the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule.

**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; 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:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish 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. **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,” for purposes of WMS calculating its investment advisory fee. 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, a complete discussion of which is set forth in each fund's offering documents, which 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), or the current value(s) (either the initial purchase price 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. The client's advisory fee shall be based upon reflected fund value(s).

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. Accordingly, WMS **does not** prepare estate planning documents, tax returns or sell insurance products. 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 our services, WMS 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 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.

**Please Note-Use of Mutual Funds:** Some mutual funds utilized by WMS are available directly to the public. Thus, a prospective client can obtain some of the mutual funds that may be recommended and/or utilized by WMS independent of engaging WMS as an investment advisor. However, if a prospective client determines to do so, he/she will not receive WMS's initial and ongoing investment advisory services.

**Please Also Note-Use of DFA Mutual Funds:** As indicated above, most mutual funds are available directly to the public, without need to engage an investment professional. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. WMS utilizes DFA mutual funds. Thus, if the client was to terminate WMS's services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply. **WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note: Department of Labor Fiduciary Rule:** In conformity with the requirements of the Department of Labor's new Fiduciary Rule, to the extent that a WMS client is: (1) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (2) a participant or beneficiary of a Retirement Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code of 1986, with authority to direct the investment of assets in his or her retirement plan account or to take a distribution; (3) the beneficial owner of an individual retirement account acting on behalf of the individual retirement account; or, (4) a retail fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of

the Code, then WMS represents that it and its investment adviser representatives are fiduciaries under ERISA or the Internal Revenue Code of 1986, or both, with respect to any investment advice provided by WMS or its investment adviser representatives or with respect to any investment recommendations regarding a retirement plan subject to ERISA or participant or beneficiary account.

**PLEASE ALSO NOTE: RETIREMENT ROLLOVERS-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options (and may engage in a combination of these options): (i) leave the money in his 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) rollover to an IRA; or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). WMS may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) advised by WMS. As a result, WMS and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to WMS (unless you engage WMS to monitor and/or advise on the account while maintained with the client's employer). WMS has an economic incentive to encourage an investor to roll plan assets into an IRA that WMS will advise on or to engage WMS to monitor and/or advise on the account while maintained with the client's employer. There are various factors that WMS 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 those of WMS; (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 advised by WMS or to engage WMS to monitor and/or advise on the account while maintained with the client's employer.

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

**eMoney.** In conjunction with the services provided by *emoney*, WMS Partners, LLC ("WMS") may also provide access to account aggregation services, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that we manage (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets.** In addition, *emoney* will also provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by WMS. WMS does not provide investment management, monitoring or implementation services for the Excluded Assets. The client may engage WMS to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Engagement Agreement* between WMS and the client.

**ByAllAccounts, Inc.** You, in conjunction with the services provided by ByAllAccounts, Inc., may also engage us to provide periodic comprehensive reporting services which can incorporate all of your investment assets, including those investment assets that are not part of the assets that we manage (the "Excluded Assets"). You and your other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets. Our service relative to the Excluded Assets is limited to reporting and non-discretionary consulting



services only, which does not include investment implementation. We do not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which you and/or your other advisors/investment professionals maintain trading authority), you (and/or the other investment professional), and not us, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. We shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event that you desire that we provide discretionary investment management services (whereby we would have trading authority) with respect to the Excluded Assets, you may engage us to do so pursuant to the terms and conditions of a properly executed Engagement Agreement.

**Introductions to Other Professionals.** In the event that a client advises WMS that it requires the services of another professional (i.e. attorney, CPA, insurance agent, investment banker, etc.), and the client correspondingly requests an introduction from WMS, WMS may make an introduction to:

1. an unaffiliated professional who is also a WMS client. Unless otherwise expressly indicated, in writing, neither WMS, nor any WMS employee, shall receive any compensation from the professional for the introduction. Nevertheless, because the recommended professional is also a WMS client, a **conflict of interest** arises because by making the introduction, WMS is assisting an individual or entity from whom it derives (and anticipates in the future will derive) compensation as a WMS client. In the event that WMS introduces a client to an unaffiliated professional who is also a WMS client, WMS will disclose the conflict, in writing, to the client. No client is under any obligation to utilize the services of any such recommended professional. If the client determines to engage the referred professionals, the terms and conditions of the engagement shall be set forth in a written agreement between the client and the referred professional, to which WMS shall not be a party; and/or
2. a professional who is associated with the referred services provider. Specifically, a WMS employee is a retired member of a law firm, to which law firm a referral may be made in the event that a WMS client requests an introduction to a law firm. With respect to WMS's clients, the professional *may* receive a portion of the fee earned by the law firm **for those persons who were also clients of the professional at or before the time of his retirement.** If such a client should engage the referred law firm, a **conflict of interest** arises because by making the introduction, the WMS is assisting an individual or entity from whom the employee derives (and anticipates in the future will derive) compensation. In the event that WMS introduces a client to an unaffiliated professional who is also a WMS client, WMS will disclose the conflict, in writing, to the client.

No client is under any obligation to utilize the services of any such recommended professional. If the client determines to engage the referred professionals, the terms and conditions of the engagement shall be set forth in a written agreement between the client and the referred professional, to which WMS shall not be a party.

**Please Also Note:** If the professional to whom WMS has referred the client also introduces clients to WMS, an additional **conflict of interest** arises because by making the referral, WMS is referring to an individual or entity from whom it anticipates it will receive additional future referrals.

**Please Note: Asset Based Pricing Limitations:** WMS may recommend that it clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that the client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of your account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against your account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. WMS does not receive any portion of the asset based transaction fees payable by the client to the account custodian. WMS continues to believe that our clients benefit from an asset based pricing arrangement. The client can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing could prove to be economically disadvantageous.

**ANY QUESTIONS:** WMS's Chief Compliance Officer, Timothy Chase, remains available to address them.

- 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, 2017 WMS had \$3,009,015,148 in regulatory assets under management on a discretionary basis and \$1,123,660,548 in regulatory assets under management on a non-discretionary basis, for a total of \$4,132,675,696 in regulatory assets under management.

## **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.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of related accounts. This consolidation practice is designed to allow a client the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule.

#### **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., a FINRA registered broker dealer, member SIPC ("*Schwab*") and/or TD Ameritrade, a FINRA registered broker dealer, member SIPC ("*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.

Notwithstanding the immediately preceding paragraph, WMS does work with other custodians, including Bank of America, Silicon Valley Bank, PENSICO Trust Company, First Mariner Bank, and Bay Bank.

#### **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 for all or any clients.

### **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 advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. WMS is independently owned and operated and not affiliated with third party custodians, including *Schwab* and/or *Ameritrade*. Custodians such as *Schwab* and/or *Ameritrade* will hold the assets of WMS’s clients in a brokerage account and buy and sell securities when either WMS or its clients, as specified by a client’s engagement agreement, direct them to.

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, the combination of transaction execution services along with asset custody services, capability to execute, clear and settle trades, capability to facilitate transfer and payments to and from accounts, breadth of investment products made available, financial strength, reputation, execution

capabilities, competitiveness of pricing, research and investment tools available to use in making investment decisions, quality of service, and the availability of other products and services that benefit WMS. 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. Non Soft-Dollar 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, access to WMS client account data, facilitation of trade execution and allocation of aggregated trade orders for multiple client accounts, facilitation of our fees from WMS's client accounts, assistance with back-office functions, including recordkeeping and client reporting, 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.

Custodians including *Schwab* and/or *Ameritrade* may provide some of these services themselves. In other cases, Custodians will arrange for third-party vendors to provide the services to WMS. Custodians may also discount or waive their fees for some of these services or pay all or a party of a third party fees. Custodians may also provide WMS with other benefits, such as occasional business entertainment of our personnel.

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 recommends that its clients utilize the brokerage and custodial services provided by *Schwab* or *TD Ameritrade*. 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. 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.

**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. Order Aggregation:** Transactions for each client account generally will be effected independently, unless the 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.

**C. Schwab Alternative Investment Fee Discount Agreement.**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent, investment advisory firms like WMS. They provide WMS and WMS's



clients with access to its institutional brokerage-trading custody, reporting, and related services -- many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those service help WMS to manage or administer its client accounts while others help WMS manage and grow its business. Schwab's support services are generally available on an unsolicited basis (WMS does not need to request them) and at no charge to WMS.

WMS has entered into an agreement with *Schwab*, in which *Schwab* has discounted the following fees related to accounts liked to WMS Partners, LLC, until the contract end date on October 1, 2021 (unless extended by WMS and *Schwab*):

1. Alternative Investment Transaction Fees will be discounted to \$0.00, billed subsequent to any activity;
2. Annual Custody Fees will be discounted to \$0.00;
3. Annual Custody cap is equal to \$0.00.

**Please Note: Conflict Of Interest.** As a result of the Schwab Alternative Investment Fee Discount Agreement, WMS and/or its affiliates may have incentive to recommend Schwab, as doing so will avoid any of the above potential fees or costs being assessed to WMS's Clients. No client is under any obligation to choose Schwab as custodian of its assets. **WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions regarding this conflict of interest.**

#### **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, or to provide particular investment advice, such as buying particular securities for our clients.

Please also note the section on Introduction to Other Professionals and their corresponding conflicts of interests, as discussed in item 4 above.

**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, which may also be deemed custody. 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.

WMS 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 WMSA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. WMS's Chief Compliance Officer, Timothy Chase, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

#### **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.