

# **Parkshore Wealth Management**

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**October 15, 2019**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Parkshore Wealth Management. If you have any questions about the contents of this brochure, please contact us at 916-797-3007. 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 Parkshore Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Parkshore Wealth Management's CRD number is 148052.

Parkshore Wealth Management is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 22, 2018, we have made the following material changes:

- While we still offer discretionary portfolio management services, we no longer offer non-discretionary portfolio management services. Additionally, we have updated our portfolio management services section to clarify that our portfolio management services are offered through either our Wealth Builder Program or our Wealth Management Program. For more information on our Wealth Builder Program or our Wealth Management Program, refer to Item 4.
- Additionally, we have updated our brochure to clarify that our standalone financial planning and/or tax preparation services are offered through our Wealth Choice Program. For more information, refer to Item 4.
- We have updated the *Fees and Compensation* section to clarify that our annual fees for portfolio management services are applied to your account on a "blended" fee basis. Additionally, within the Wealth Builder Program, we updated the fees associated with the Tax Projection and the 529 Account Set-Up & Management modules. Lastly, we updated the brochure to clarify that the modules offered through the Wealth Management Program are complimentary. For more information on our fees, refer to Item 5.

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## Item 4 Advisory Business

### Description of Services and Fees

Parkshore Wealth Management (PWM) is a comprehensive wealth management firm located in Roseville, California. Harold C. Anderson CFP® is the only principal owner that owns more than 25% of the company. Parkshore Wealth Management has been in business since October 1, 2008.

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Advisory Services to Retirement Plans and Plan Participants
- Financial Planning Services
- Tax Preparation Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Parkshore Wealth Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services through either our Wealth Builder Program or our Wealth Management Program. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

### Wealth Builder

Our Wealth Builder Program includes portfolio management services as described above, but also allows the client to select the add-on module(s) they want at a discounted rate. The offered modules include: 401k Review, Insurance Analysis, Financial Questions, Tax Projection, Tax Preparation, Portfolio Analysis, Estate Plan Review, Financial Plan Simple, Financial Plan Complex, Special Projects, and 529 Account Set-Up & Management.

### **Wealth Management Program**

Our Wealth Management Program includes portfolio management services as described above, but also provides complimentary access to all the modules, with the exception of Tax Preparation.

### **Advisory Services to Retirement Plans and Plan Participants**

We offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment advisor to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

### **Investment Fiduciary Services (Plan Level): 3(38) Discretionary Fiduciary Services (Participant-Directed)**

#### **Selection, Monitoring & Replacement of Designated Investment Alternatives ("DIAs")**

PWM will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor an investment policy statement ("IPS") that contains criteria from which we will select, monitor and replace the Plan's DIAs. Once approved by the Sponsor, we will review the investment options available to the Plan and will select the Plan's DIAs in accordance with the criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the DIAs and replace any DIA(s) that no longer meet the IPS criteria.

#### **Creation & Maintenance of Model Allocation Portfolios ("Models")**

PWM will create a series of risk-based Models comprised solely among the Plan's DIAs; and, on a periodic basis and/or upon reasonable request, we will reallocate and rebalance the Models in accordance with the IPS or other guidelines approved by Sponsor.

#### **Selection, Monitoring & Replacement of Qualified Default Investment Alternatives ("QDIA")**

Based upon the options available to the Plan, PWM will select, monitor and replace the Plan's QDIA(s) in accordance with the IPS.

### **Non-Discretionary Investment Fiduciary Service: Participant-Level**

#### **Participant Investment Advice**

PWM will meet with Plan participants, upon reasonable request, to collect information necessary to identify the Plan participant's investment objectives, risk tolerance, time horizon, etc. PWM will provide written recommendations to assist the Plan participant with creating a portfolio using the Plan's DIAs or Models, if available. The Plan participant retains sole discretion over the investment of his/her account.

### **Retirement Plan Consulting Services**

#### **Administrative Support**

- Assist Sponsor in reviewing objective and options available through the Plan;
- Recommend Plan participant education and communication policies;
- Assist with development/maintenance of fiduciary audit file and document retention policies;
- Deliver fiduciary training and/or education periodically or upon reasonable request.

#### **Service Provider Support**

- Assist fiduciaries with a process to select, monitor and replace service providers;

- Assist fiduciaries with review of Covered Service Providers ("CSP") and fee benchmarking;
- Assist with preparation and review of Requests for Proposals and/or Information;
- Coordinate and assist with CSP replacement and conversion.

#### Participant Services

- Facilitate group enrollment meetings and coordinate investment education;
- Educate Plan participants on financial wellness, including financial, retirement and tax planning.

The services we provide to your Plan are described above, and in the service agreement and/or advisory contract. Our compensation for these services is described below, in the *Fees and Compensation* section, and also in the service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you. Comparable services for lower fees may be available through other financial professionals. The Fees paid to PWM do not cover any execution, custody, clearing or settlement services, or investment management fees charged by mutual funds, third-party managers, or other third parties.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

#### **Financial Planning Services**

We offer financial planning services through our Wealth Choice Program. Our financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services range from either single subject matters to a broad and more comprehensive financial plan.

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. The initial meeting is called the discovery meeting and is complimentary. The discovery meeting is used to discuss your goals, objectives, concerns, and other related issues. We review your existing documents relating to your investments, tax returns, insurance policy documents, investment statements, and estate documents. We also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

We do not represent, warrant, or imply that the services or methods of analysis employed by our firm can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

A conflict may exist between the interest of our firm and your interests. Further, you are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Tax Preparation**

Parkshore Wealth Management in its normal course of business offers tax preparation services to clients through our Wealth Choice Program. Preparation of taxes is not a requirement of becoming or maintaining a relationship with Parkshore Wealth Management. We charge a fee for this service which is separate and apart from our investment management fees and the fee depends on the complexity and time spent on the return. You may elect to pay the tax preparation fees by authorizing us to deduct our advisory fee directly from your account. Our billing options are discussed in greater detail below.

### **Types of Investments**

We primarily offer advice on equity securities (stocks), exchange traded funds ("ETFs"), corporate, municipal and government debt securities (bonds), certificates of deposit, and mutual funds.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of January 8, 2019, we manage \$178,657,185 in client assets on a discretionary basis, and \$5,985,368 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Fees for Portfolio Management**

The advisory fee charged in connection with our portfolio management services is based upon a percentage of the assets in your account, and is set forth in the following annual fee schedule:

#### **Annual Fee Schedule**

| <b>Assets Under Management</b> | <b>Annual Fee</b> |
|--------------------------------|-------------------|
| First \$250,000                | 1.50%             |
| Next \$250,000                 | 1.00%             |
| Next \$1,500,000               | 0.75%             |
| Next \$1,000,000               | 0.65%             |
| Next \$2,000,000               | 0.65%             |
| Next \$5,000,000               | 0.55%             |
| Above \$10,000,000             | 0.50%             |

*\*Legacy fee arraignments exist, whereby some clients may pay a different fee than what is published above.*



The annual fee schedule above shall be applied to your account on a "blended" basis. For avoidance of doubt, and as an example of how our blended billing procedures function, a hypothetical client account containing a balance of \$1,000,000 would pay 1.50% on the first \$250,000 of the client's account balance, 1.00% on the next \$250,000 of the client's account balance, and 0.75% on the remaining \$500,000 of the client's account balance.

For our client's convenience, fees for portfolio management are debited from their brokerage accounts in advance at the beginning of each calendar quarter and are based on the portfolio's balance on the last day of the preceding quarter. If our portfolio management services agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro-rata basis, which means that our advisory fee is payable only in proportion to the number of days in the calendar quarter for which you are a client. There is a minimum fee associated with the Wealth Management plan that is equal to an annual fee of \$3,750 (\$937.50 per quarter).

As fiduciaries we only receive fees from our clients and from no other source, e.g, the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

At our discretion, we may combine the account values of family members to determine the applicable advisory fee. For example, we may combine account values for you and your children, parents or siblings. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule. We will do this while keeping details of your account private from your non-household family members.

Brokerage transaction fees/costs will be incurred due to purchasing and selling/redeeming of securities. These costs are paid from the money market in the respective brokerage accounts and are separate from the fees charged by PWM. All fees paid to PWM for advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds, and shares of exchange-traded funds by the issuing companies. Complete explanations of the expenses charged by the mutual funds and exchange-traded funds are contained in their respective prospectuses. Clients are encouraged to read the fund prospectuses.

Clients shall be given five (5) business days to unconditionally rescind the agreement and receive a full refund of any and all fees collected. If a client pays any fees in advance and terminates the agreement more than five (5) business days after it has been signed, any unused fees will be refunded. Once in effect, the agreement may be terminated by either party upon thirty (30) days prior written notice to the other party. Additionally, the agreement terminates unless all appropriate fees have been paid. Upon termination, any unearned quarterly fees will be prorated from the date of termination and refunded to the client.

### **Wealth Builder**

Our Wealth Builder model allows clients to pay for advice at their own pace, as well as, provides professional stewardship over your assets. This service level is designed for clients with less than \$500,000 in assets under management and provides access to modular services. We provide fixed and hourly fee options for Financial Planning and Tax Preparation, as described below.



| <b>Planning or Tax Service</b>     | <b>Fixed Fee or Hourly Fee</b>       |
|------------------------------------|--------------------------------------|
| 401k Review                        | \$375                                |
| Insurance Analysis                 | \$375                                |
| Financial Questions                | \$375                                |
| Tax Projection                     | \$150 per hour;<br>90 minute minimum |
| Tax Preparation                    | *Negotiable                          |
| Portfolio Analysis                 | \$250                                |
| Estate Plan Review                 | \$100                                |
| Financial Plan Simple              | \$150 per hour;<br>5 hour minimum    |
| Financial Plan Complex             | \$150 per hour;<br>10 hour minimum   |
| Special Projects                   | \$150 per hour;<br>1 hour minimum    |
| 529 Account Set-Up<br>& Management | \$100 per account                    |

*\*Negotiable based on the complexity and scope of the engagement.*

The fees charged for tax preparation, as well as, financial plans are calculated based on the complexity and time spent preparing the return. Fees are generally collected at the time the plan is presented or completion of the services rendered. A retainer may be payable at the time the data is collected. You also have the option to pay the planning or tax services fees by authorizing us to deduct our advisory fee directly from your account. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

For hourly services, an estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. An agreement terminates upon the presentation of the plan or at the end of the consultation, for services requested by the client and agreed upon by the planner.

In addition to the fees indicated above, the Client may also reimburse PWM and the Planner for the expenses incurred in connection with services so performed, including document duplication, mailing, telephone, and travel expense.

Clients shall be given five (5) business days to unconditionally rescind the agreement and receive a full refund of any and all fees collected. If a client pays any fees in advance and terminates the agreement more than five (5) business days after it has been signed, any unused fees will be refunded.

### **Wealth Management**

Our Wealth Management service level is designed for clients with more than \$500,000 in assets under management and allows complimentary access to all services, with the exception of Tax Preparation.

We have a fiduciary responsibility to our clients. This means that our first allegiance is to our clients. Because of this responsibility, it is important to align both planner and the client incentives. With respect to fees, we believe that simple and straight forward is in the clients best interest. Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule. Lower fees for comparable services may be available from other sources.

### **Wealth Choice**

Our Wealth Choice model is designed to allow you to select the module(s) that you want. This service level is designed for clients that require Financial Planning and/or Tax Preparation service, but do not need Portfolio Management Services.

| <b>Planning or Tax Service</b>     | <b>Fixed Fee or Hourly Fee</b>       |
|------------------------------------|--------------------------------------|
| 401k Review                        | \$500                                |
| Insurance Analysis                 | \$500                                |
| Financial Questions                | \$500                                |
| Tax Projection                     | \$200 per hour;<br>90 minute minimum |
| Tax Preparation                    | *Negotiable                          |
| Portfolio Analysis                 | \$350                                |
| Estate Plan Review                 | \$150                                |
| Financial Plan Simple              | \$200 per hour;<br>5 hour minimum    |
| Financial Plan Complex             | \$200 per hour;<br>10 hour minimum   |
| Special Projects                   | \$200 per hour;<br>1 hour minimum    |
| 529 Account Set-Up<br>& Management | \$150 per account                    |

*\*Negotiable based on the complexity and scope of the engagement.*

The fees charged for tax preparation, as well as, financial plans are calculated based on the complexity and time spent preparing the return. Fees are generally collected at the time the plan is presented or completion of the services rendered. A retainer may be payable at the time the data is collected. You also have the option to pay the planning or tax services fees by authorizing us to deduct our advisory fee directly from your account. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

For hourly services, an estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We will not require

prepayment of a fee more than six months in advance and in excess of \$1,200. An agreement terminates upon the presentation of the plan or at the end of the consultation, for services requested by the client and agreed upon by the planner.

In addition to the fees indicated above, the Client may also reimburse PWM and the Planner for the expenses incurred in connection with services so performed, including document duplication, mailing, telephone, and travel expense.

Clients shall be given five (5) business days to unconditionally rescind the agreement and receive a full refund of any and all fees collected. If a client pays any fees in advance and terminates the agreement more than five (5) business days after it has been signed, any unused fees will be refunded.

### **Advisory Services to Retirement Plans and Plan Participants**

Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis as agreed to in the Advisory agreement.

#### **Asset Based Fees**

The advisory fee charged in connection with our advisory services to retirement plans and plan participants is based upon a percentage of the assets in your account, and is set forth in the following annual fee schedule:

#### ***Annual Fee Schedule***

| <b>Assets Under Management</b> | <b>Annual Fee</b> |
|--------------------------------|-------------------|
| Up to \$1,000,000              | 0.75%             |
| Next \$2,000,000               | 0.50%             |
| Above \$3,000,000              | 0.40%             |

Our annual portfolio management fee is billed and payable, either in advance or in arrears, based on the value of the account as of the last business day of the preceding fee period and will be payable in full within thirty (30) days from the date of our invoice.

Advisory fees can be paid via the following ways and will be stipulated in the Advisory agreement:

- Sponsor shall cause Plan custodian/recordkeeper to fees directly to PWM;
- We will invoice the custodian/recordkeeper directly; or
- We will invoice the Sponsor directly.

In instances where fees are directly debited, PWM will deduct our fee directly from the designated account through the qualified custodian holding the Plan funds and securities. PWM will deduct our advisory fee only when we have received the proper authorization permitting the fees to be paid directly from the account. Further, the qualified custodian will deliver an account statement at least quarterly. These account statements will show all disbursements from the account. You should review all statements for accuracy.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

The Plan Sponsor may terminate this Agreement within five (5) business days of executing the Agreement without incurring a penalty or charge. Otherwise, either party may terminate this Agreement upon thirty (30) days prior written notice to the other party and Advisor will be entitled to a pro-rata amount of compensation. Any unearned fees paid in advance will be refunded.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Dually Registered Investment Advisor Representatives**

Val Stephens is registered as an investment advisor representative with Stephens Asset Management, a registered investment advisor. In this capacity, Mr. Stephens may earn additional fee-based compensation as an investment advisor representative of Stephens Asset Management. Please refer to the *Other Financial Industry Activities and Affiliations* section for additional details related to this conflict of interest.

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

Parkshore Wealth Management does not charge performance based or side-by-side fees.

## **Item 7 Types of Clients**

We believe in transparency and in our fiduciary responsibility. We enjoy working alongside our clients and are dedicated to helping them achieve their goals. We provide guidance to families and individuals in an effort to help them protect and grow their investment assets and live a sustainable lifestyle.

We charge a minimum fee to participate in our Wealth Management plan in the amount of \$3,750 per year (\$937.50 per quarter) to open and maintain an advisory account. At our discretion we may waive the minimum fee.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### **Markets Work**

Markets throughout the world have a history of rewarding investors for the capital they supply. Companies compete with each other for investment capital, and millions of investors compete with each other to find the most attractive returns. This competition quickly drives prices to fair value, ensuring that no investor can expect greater returns without bearing greater risk. Traditional investment managers strive to beat the market by taking advantage of pricing "mistakes" and

attempting to predict the future. Too often, this proves costly and futile. Predictions go awry and managers miss the strong returns that markets provide by holding the wrong stocks at the wrong time. Meanwhile, capital economies thrive —not because markets fail but because they succeed.

### **Investing Versus Speculating**

The futility of speculation is good news for the investor. It means that prices for public securities are fair and that persistent differences in average portfolio returns are explained by differences in average risk. It is certainly possible to outperform markets, but not without accepting increased risk. When you reject costly speculation and guesswork, investing becomes a matter of identifying the risks that bear compensation and choosing how much of these risks to take. Financial science identifies the sources of investment returns. Dimensional provides the tools and experience to achieve them.

### **Take Risks Worth Taking**

Evidence from practicing investors and academics alike points to an undeniable conclusion: Returns come from risk. Gain is rarely accomplished without taking a chance, but not all risks carry a reliable reward. Financial science over the last fifty years has brought us to a powerful understanding of the risks that are worth taking and the risks that are not. Everything we have learned about expected returns in the equity markets can be summarized in three dimensions. The first is that stocks are riskier than bonds and have greater expected returns. Relative performance among stocks is largely driven by the two other dimensions: small vs. large and value vs. growth. Many economists believe small cap and value stocks outperform because the market rationally discounts their prices to reflect underlying risk. The lower prices result in higher returns to investors as compensation for bearing this risk.

Relative performance in fixed income is largely driven by two dimensions: bond maturity and credit quality. Bonds that mature farther in the future are subject to the risk of unexpected changes in interest rates. Bonds with lower credit quality are subject to the risk of default. Extending bond maturities and reducing credit quality increases potential returns.

With this understanding, investors can plan the total risk/return profile of their portfolios, considering how much exposure they need to target their performance goals. For example, investors seeking greater expected returns may increase their equity exposure while keeping their bond portfolio short and high-quality. Alternatively, they may choose to hold bonds with slightly longer maturities and slightly lower credit quality while maintaining their equity allocation. Whatever approach you choose, financial science has clarified the investment process by identifying the relevant dimensions of performance.

We believe that the better way to invest is to work in harmony with market forces. We use asset allocation and passive investment strategies to construct client portfolios. We use mutual funds in order to purchase as much of the investment universe as we can. The practice of diversification means that the positive or negative effects of any given company or industry will have a much lighter effect on the clients portfolio. The mutual funds that we use have extremely low expense ratios - which means that more of their return is passed on to the investor.

Parkshore Wealth Management, and its advisors ("PWM") does not guarantee the future performance of a client's respective Account(s) or any specific level of performance, the success of any investment decision, or strategy that Advisor may use. A client understands that investment decisions made on and for a client's behalf by PWM are subject to various markets, currency, economic, political, and business risks, and that those investment decisions may not be profitable. Except as may otherwise be provided by law, PWM will not be liable for any loss that a client may suffer by reason of any investment decision made or other action taken or omitted in good faith by PWM with that degree of care, skill, prudence, and diligence under the circumstance that a prudent person acting in a fiduciary

capacity would use and any loss arising from PWM's adherence to the client's written or oral instructions; or any act or failure to act by the Custodian, any broker or dealer to which the PWM directs transactions on the client's behalf, or by any other third party.

Investors should always remember that the past performance of a manager, or markets in general, is no indication of how they will perform in the future. There is never a guarantee of performance. Investors should be wary of anyone selling historical performance rather than a sound and balanced strategy.

## **Item 9 Disciplinary Information**

There have been no disciplinary actions for any advisors at Parkshore Wealth Management.

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

### **Dually Registered Investment Advisor Representatives**

Val Stephens is registered as an investment advisor representative with Stephens Asset Management, a registered investment advisor. In this capacity, Mr. Stephens may earn additional fee-based compensation as an investment advisor representative of Stephens Asset Management. Although this practice typically presents a conflict of interest, investment advisory clients maintain accounts either through Stephens Asset Management or our firm; therefore, Mr. Stephens will not earn fee-based compensation from both firms with respect to the same account. Mr. Stephens will not recommend any new clients to Stephens Assets Management.

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

Parkshore Wealth Management ("PWM"), as a matter of policy and practice, and consistent with industry best practices and Security and Exchange Commission ("SEC") requirements, under Rule 204A-1, has adopted a Code of Ethics requiring high standards of business conduct, compliance with federal securities laws, reporting and record keeping of personal securities transactions and holdings, reviews, and sanctions.

PWM's Code of Ethics incorporates written supervision policies and procedures in accordance with federal and state securities laws that include standards of conduct, protecting inside information, personal securities trading of supervised persons, IPO's, and private placement by supervised persons, reporting of violations, written acknowledgment of the Code of Ethics by each supervised person, and other code requirements including gifts and outside employment, reviews and enforcement, record keeping, and ADV disclosure.

PWM's complete Code of Ethics is available to all clients upon request. Questions regarding PWM's Code of Ethics should be directed to Daniel C. Andersen, Chief Compliance Officer.

PWM places high value on the fiduciary nature of the relationship between the investment advisor and its clients. The fiduciary duty includes, but is not limited to, a duty at all times to place the interests of the clients ahead of those of the advisor and the advisor's employees, representatives, and associated persons (supervised persons). In addition, this fiduciary duty means loyalty, fairness, good faith towards its clients, and adherence not only to specific provisions of the code but to the general principles that guide the code.



General principles inherent in this Code of Ethics additionally include the requirement that all personal securities transactions be conducted in a manner consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of any individual's position of trust and responsibility; and that any "access persons" should not take inappropriate advantage of their positions or their relationships with the advisor or its clients. Access persons are supervised persons who may have information about investment recommendations whose effect may not yet be in the marketplace (nonpublic information).

From time to time, the principals and other associated persons of PWM may invest in the same or similar securities as clients of the firm. At other times, based on individual needs of the client and/or associated person, investments recommended for sale/purchase to the client may be bought/sold for the associated person. Clients of PWM are advised hereby that PWM has in place policies and procedures to govern the personal trading activities of its personnel, including insider Trading Policies and Procedures and that all such activity is monitored in an attempt to ensure that all conflicts of interest, or potential conflicts of interest, are strictly avoided in the clients' best interest.

## **Item 12 Brokerage Practices**

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Parkshore Wealth Management (PWM) participates in TD Ameritrade's institutional customer program and PWM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between PWM's participation in the program and the investment advice it gives to its Clients, although PWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving PWM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to PWM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by PWM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit PWM but may not benefit its Client accounts. These products or services may assist PWM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help PWM manage and further develop its business enterprise. The benefits received by PWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence PWM's choice of TD Ameritrade for custody and brokerage services.



**Brokerage for Client Referrals**

We may receive client referrals from TD Ameritrade through our participation in the TD Ameritrade AdvisorDirect program. Please see additional disclosures regarding this arrangement under *Item 13 - Client Referrals and Other Compensation* below.

**Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisors require their clients to direct brokerage.

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

**Item 13 Review of Accounts**

Portfolio clients receive continuous and ongoing review of their portfolios. Reviews are conducted by advisors and staff of Parkshore Wealth Management ("PWM"). Reviews include analysis of market conditions, economic conditions, individual client needs and circumstances and any other relevant factors. Portfolio clients receive written quarterly portfolio reports that include detailed information regarding their portfolio, including current allocation, market value as of the end of the most recent preceding quarter, transactions during the preceding quarter, and other pertinent information.

In addition, each client receives a custodial account statement monthly, and a confirmation of each transaction from client's custodian.

Daily Review

The nature of the markets mean that different asset classes move up and down at different rates. Because of these movements, portfolios move in and out of their predetermined asset allocation percentages. PWM monitors, on a daily basis, the allocation of each client account. If an account moves out of tolerance, we then take action to put it back into balance. This is done through strategic trading.

Weekly Review

We review each client accounts cash balance. As bonds mature, dividends are paid, cash is deposited etc. there can be a build up of un-invested cash in an account. Each week, PWM reviews the cash balance of each client account. If it is determined that an account has cash that should be invested may invest the cash in accordance with the clients predetermined asset allocation.

Periodic Review

There are several triggers that will cause PWM to review client accounts on a periodic basis. If a client contacts PWM with a specific need, we evaluate the best ways to fulfill the need. When we have periodic meetings with a client, we will review their current needs and goals and compare that information with their portfolio. Whatever the trigger, it will cause us to review the clients account.

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

### **Solicitor Arrangements**

We directly compensate non-employee (outside) consultants, individuals, and/or entities (solicitors) for client referrals. In order to receive a cash referral fee from us, solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to us by a solicitor, you should have received a copy of this brochure along with the solicitor's disclosure statement at the time of the referral. If you become a client, the solicitor that referred you to us will receive a percentage of the advisory fee you pay us for as long as you are our client, or until such time as our agreement with the solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a solicitor are contingent upon your entering into an advisory agreement with us. Therefore, a solicitor has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment advisor may have a financial incentive to recommend advisors with more favorable compensation arrangements. We request that our solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisors for lower fees and/or where the Solicitor's compensation is less favorable.

### **Zoe Advisor Network**

Parkshore Wealth Management ("PWM") may receive client referrals from Zoe Financial, Inc. through its participation in Zoe Advisor Network ("ZAN"). Zoe Financial, Inc. is independent of and unaffiliated with the PWM and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise PWM and has no responsibility for PWM's management of client portfolios or PWM's other advice or services. PWM pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to PWM ("Solicitation Fee"). PWM will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc., please refer to the Zoe Financial Disclosure and Acknowledgement Form.

### **AdvisorDirect**

Parkshore Wealth Management ("PWM") may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, PWM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with PWM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise PWM and has no responsibility for PWM's management of client portfolios or PWM's other advice or services. PWM pays TD Ameritrade an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to PWM ("Solicitation Fee"). PWM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by PWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired PWM on the recommendation of such referred client. PWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to

its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgment Form.

PWM's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, PWM may have an incentive to recommend to clients that the assets under management by PWM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, PWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. PWM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Other Compensation**

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are dually registered as investment advisor representatives with Stephens Asset Management, a registered investment advisor. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Other Financial Industry Activities and Affiliations* section.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other [independent,] qualified custodian. You will receive account statements from the [independent,] qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Trustee Services**

Persons associated with our firm may serve as trustees to certain accounts for which we also provide investment advisory services. In all cases, the persons associated with our firm have been appointed trustee as a result of a family or personal relationship with the trust grantor and/or beneficiary and not as a result of employment with our firm. Therefore, we are not deemed to have custody over the advisory accounts for which persons associated with our firm serve as trustee.

## **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

Parkshore Wealth Management will not vote, nor give advice on how to vote proxies for securities held in the client's account as such right has been expressly reserved for the client. The client, will receive voting paperwork directly from each fund or security. The client should review each issue and make their own decision.

## **Item 18 Financial Information**

Parkshore Wealth Management is not required to provide financial information as it does not charge prepayment fees greater than \$1,200 six months or more in advance of service.

Parkshore Wealth Management has no financial obligations which would impair it from meeting it's contractual commitments to clients.

Parkshore Wealth Management has not been the subject of any bankruptcy proceedings.

## **Item 19 Requirements for State-Registered Advisors**

We are a federally registered investment advisor; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to review your options.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment advisor representative, or call our main number as listed on the cover page of this brochure.