

**Item 1: Cover Page**

Derastone LLC dba Wealth Habits Firm Brochure

**Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure**

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Dated April 23, 2019

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Derastone LLC dba Wealth Habits Firm Brochure (“Wealth Habits” or “Derastone”). If you have any questions about the contents of this Brochure, please contact us at (917) 789-1770. 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.

Derastone LLC dba Wealth Habits Firm Brochure registered as an Investment Adviser with the SEC. Registration of an Investment Advisor does not imply any level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

Additional information about Derastone LLC dba Wealth Habits Firm Brochure is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

CRD: 153748

## **Item 2: Material Changes**

Derastone LLC dba Wealth Habits Firm Brochure is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Please note we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure. At this time, there are no material changes to report about our Wrap Brochure.

## **Item 3: Table of Contents**

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## **Item 4: Services, Fees and Compensation**

### **Description of Our Services**

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Types of Advisory Services**

We offer the following services:

#### **Portfolio Management Services**

Wealth Habits offers ongoing portfolio management services based on the individual goals, objectives, time horizon, risk tolerance, and liquidity needs of each client. Wealth Habits creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the

selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Security selection
- Regular portfolio monitoring

Wealth Habits evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Wealth Habits will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction." "Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio Management services are offered via one of the following programs:

**Wealth Habits' Wealth Starter Portfolio:** This is a personalized ETF/Mutual Fund portfolio, which simplifies the selection process to help you create a diversified portfolio of low cost mutual funds or ETFs that meets the needs of the client, based on the client's individual investment objectives and risk tolerance.

**Wealth Habits' Alpha Plus Portfolio:** Wealth Habits maintains a set of model portfolios of securities that are designed to fulfill a variety of investment objectives. Wealth Habits makes the recommendation to assist clients in allocating to these model portfolios, depending on their objectives and risk profiles.

**Wealth Habits' Bespoke Portfolio:** Wealth Habits makes the recommendation to assist clients in creating and allocating to these model portfolios, depending on their objectives and risk profiles. These portfolios are built specifically for the client based on their specific objectives, capital liquidity, and risk profiles. Creation of these portfolios will be used when the model portfolios aren't a good fit for the client.

### **Services Limited to Specific Types of Investments**

Wealth Habits invests mostly in equities. However, Wealth Habits may use other securities as well for diversification, hedging and return considerations when applicable. Other securities may include but are not limited to; futures, ETF's, options, fixed income, currencies, commodities, mutual funds, equities, bonds, debt securities, REITs, Treasury Inflation Protected/Inflation Linked Bonds, precious metal ETF's, and government securities.

Wealth Habits seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Wealth Habits' economic, investment or other financial interests. To meet its fiduciary obligations, Wealth Habits attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Wealth Habits' policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over

time. It is Wealth Habits' policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

## Portfolio Management Services Wrap Fee Program Fee Schedule

### Wealth Habits' Starter Portfolio:

Total Assets Under Management	Annual Maximum Fee
From \$0 to \$100,000	0.00% <sup>(1)</sup> / 1.00%
From \$100,001 to \$250,000	0.95%
From \$250,001 to \$500,000	0.90%
From \$500,001 to \$1,000,000	0.85%
From \$1,000,001 to \$5,000,000	0.80%
From \$5,000,001 to \$10,000,000	0.75%
From \$10,000,001 to \$20,000,000	0.50%
Above \$20,000,000	0.25%

### Wealth Habits' Alpha Plus Portfolio:

Total Assets Under Management	Annual Maximum Fee
From \$0 to \$100,000	0.00% <sup>(1)</sup> / 1.00%
From \$100,001 to \$250,000	1.00%
From \$250,001 to \$500,000	0.90%
From \$500,001 to \$1,000,000	0.85%
From \$1,000,001 to \$5,000,000	0.80%
From \$5,000,001 to \$10,000,000	0.75%
From \$10,000,001 to \$20,000,000	0.50%
Above \$20,000,000	0.25%

### Wealth Habits' Bespoke Portfolio:

Total Assets Under Management	Annual Maximum Fee
\$100,000 - \$5,000,000	1.50%
\$5,000,001 - \$10,000,000	1.25%
Above \$10,000,000	1.00%

(1) Reduced fee of 0% requires client to be subscribed to an ongoing financial planning program

These fees are negotiable and the final fee schedule is attached as an Exhibit to the Investment Advisory Contract. Fees are paid daily, monthly, or quarterly for clients with Interactive Brokers

LLC (“Interactive Brokers”), only monthly or quarterly for clients with accounts at TD Ameritrade, Inc. (“TD Ameritrade”) and Robust Wealth (“Robust Wealth”). Accounts initiated or terminated during a calendar month will be charged a pro-rated fee based on the amount of time remaining in the billing period. These advisory fees are withdrawn directly from the client’s accounts with client written authorization. Clients may also choose to pay by check or credit card. Clients may select the method in which they are billed. For purposes of calculating portfolio based fees, advisor will rely on values reported by Interactive Brokers, TD Ameritrade, and Robust Wealth.

Clients are billed in arrears, and may terminate their contracts with thirty days’ written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract.

No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement. An account may be terminated with written notice at least 30 calendar days in advance.

Fees may be reduced or waived for families, friends, and any past, present, and future employees.

### **Additional bundled Service Cost Considerations**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

### **Additional Expenses Not Included in the Wrap Program Fee**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer

fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

We may invest clients in No Transaction Fee (NTF) funds when available. The NTF funds do not pay the custodian a ticket charge, unlike a regular fund, however it does incur a higher expense ratio than normal funds. Because we offer our advisory services under a wrap program, where we pay all ticket charges incurred, we have a financial interest to minimize these charges.

### **Compensation**

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

### **Item 5: Account Requirements and Types of Clients**

Wealth Habits generally provides management supervisory services to the following Types of Clients:

#### **Individuals**

- High-Net-Worth Individuals
- Trusts, Estates, or Charitable Organizations
- Corporations or Business Entities
- Investment Companies

#### **Minimum Account Size:**

We have no minimum account size.

### **Item 6: Portfolio Manager Selection and Evaluation**

#### **Outside Portfolio Managers**

We may refer clients to third-party investment advisers ("outside managers") or the services of sub-advisers. Our analysis of outside managers involves the examination of the experience,



expertise, investment philosophies, and past performance of the outside managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an outside manager's portfolio. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### **Derastone LLC dba Wealth Habits Firm Brochure Portfolio Managers**

Our firm and its related person, Gabriel Kaplan, act as portfolio manager for the wrap fee program previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program.

#### **Advisory Business**

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

#### **Individual Tailoring of Advice to Clients**

We offer individualized investment advice to clients utilizing our Asset Management and Comprehensive Portfolio Management services.

#### **Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities**

We do allow clients to impose reasonable restrictions on investing in certain securities or types of securities.

#### **Participation in Wrap Fee Programs**

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

### **Performance-based fees and side-by-side management**

We do not charge performance-based fees and do not engage in side-by-side management

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

Wealth Habits' methods of analysis include primarily fundamental analysis, and secondly macroeconomic analysis. Fundamental analysis involves the assessment of quantitative and qualitative information related to a company including normalized returns on invested capital, competitive position, business opportunity, financial resources, management, sustainability of franchise, and valuation. Macroeconomic analysis involves the analysis of economic factors and business cycles as a consideration in the buying and/or selling of securities. Wealth Habits focuses primarily on fundamental internal company-specific research to estimate the intrinsic value range for a business relative to the market price of the equity. Wealth Habits pursues investments when there is a significant difference between the two. Wealth Habits considers both quantitative and qualitative factors. Most importantly: (1) Business quality: including normalized returns on capital, competitive position, business opportunity, financial resources, management, and sustainability of franchise. (2) Valuation: the market price of the shares in relation to future business potential, including growth, which is considered separately from quality

### **Investment Strategies**

Wealth Habits Company, industry and macro information are considered in thesis development and portfolio management. Company and industry-specific information generally plays a more important role than global and country-specific macro-economic factors, but all factors are actively considered in portfolio construction, positioning and risk control. While company specific investments comprise a majority of our investment activity over a market cycle, Wealth Habits sometimes engages in macro oriented investments, especially for hedging purposes. Wealth Habits strives to make both a source of positive returns over the long term. Wealth Habits has the willingness to: (1) Take large, concentrated and differentiated long and short investment positions to generate attractive returns, and (2) Hold securities that are not liquid in the secondary market. Wealth Habits may utilize, but is not limited to, long term trading, short term trading, short sales, margin transactions, futures and options writing (including covered

options, uncovered options, or spreading strategies). Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **Material Risks Involved**

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and Medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the

value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

### **Investment Strategies**

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Wealth Habits utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **Risks of Specific Securities Utilized**

Wealth Habits generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, Wealth Habits will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (excluding Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an

innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. The use of margin can magnify the effect of any loss or gain on the investor, and can cause forced sales of investments at unfavorable times or prices.

Stocks & Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

Future contracts involve a net zero gain between two parties; one individual benefits from the contract while the other individual loses by the same magnitude. Therefore, the chance of losing money is greater with investing in futures than with stocks or mutual funds, which can grow without an individual having to lose.

Precious Metal ETFs (Gold, Silver, Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

US Treasury Inflation Protected/Inflation Linked Bonds: The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting; carrying a potential risk of losing share price value.

Fixed Income is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

Debt securities carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Currency carries risk due to the change in price of one currency against another. Investors face currency risk if their positions are not hedges when investing across borders.

Commodities carries higher than average risk due to the higher than average returns. Commodities markets are also populated with speculative traders whose primary goal is to make short term profits.

Government Securities carry less risk than most other investments since they are backed by the credit and taxing power of a country or other political unit. This investment has a low risk of default with corresponding lower rate of returns.

Bonds carry a default risk such that the borrowing entity is unable to repay the debt obligation to the lending entity. The default risk will vary depending on the nature and credibility of the borrowing entity.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, and economic and political stability.

Short sales risks include the upward trend of the market and/or specific securities, and the possibility of infinite and total loss of a portfolio, not just the position itself.

Options writing involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market.

### **Voting Client Securities**

We do not vote client proxies. Therefore, clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the client's qualified custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

### **Item 7: Client Information Provided to Portfolio Manager**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure you're most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate

information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8: Client Contact with Portfolio Manager**

Our clients may directly contact their portfolio manager(s) with questions or concerns by calling the number on this Brochure.

#### **Item 9: Additional Information**

##### **Disciplinary Information**

We have determined that our firm and management have no disciplinary information to disclose.

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

Gabriel Kaplan currently does not participate in other financial industry activities and is not affiliated with other financial firms.

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

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients or prospective clients may request a free copy of our Code of Ethics from management.

##### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

##### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

From time to time, representatives of Wealth Habits may buy or sell securities for themselves that they also purchase or sell on behalf of clients. This may provide an opportunity for representatives of Wealth Habits to buy or sell the same securities before or after purchasing or selling the same securities on behalf of clients resulting in a potential conflict of interest. Wealth Habits will always transact client business either before their own or at the same time

(i.e. block trades) when similar securities are being bought or sold. Wealth Habits will conclude there is a potential conflict of interest in cases where on a given trading day (1) Wealth Habits representatives personal trading takes place prior to Wealth Habits client trading in a given security and (2) Wealth Habits client trading amounts to more than 2% of the prior 30-day average market volume in that security on that day. Wealth Habits will document all such potential conflicts.

### **Trading Securities at/Around the Same Time as Client's Securities**

From time to time, representatives of Wealth Habits may buy or sell securities for themselves that they also purchase or sell on behalf of clients. This may provide an opportunity for representatives of Wealth Habits to buy or sell the same securities before or after purchasing or selling the same securities on behalf of clients resulting in a potential conflict of interest. Wealth Habits will always transact client business either before their own or at the same time (i.e. block trades) when similar securities are being bought or sold. Wealth Habits will conclude there is a potential conflict of interest in cases where on a given trading day (1) Wealth Habits representatives personal trading takes place prior to Wealth Habits client trading in a given security and (2) Wealth Habits client trading amounts to more than 2% of the prior 30-day average market volume in that security on that day. Wealth Habits will document all such potential conflicts.

### **The Custodian and Brokers We Use (TD Ameritrade)**

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. 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. (Please see the disclosure under Item 14 below.)

### **Review of Accounts**

Client accounts are reviewed regularly at a quarterly basis by Gabriel Kaplan, Managing Member. Gabriel Kaplan is the chief advisor and is instructed to review clients' accounts with regard to clients' respective investment policies and risk tolerance levels. All accounts at Wealth Habits are assigned to this reviewer. Additional reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or excessive draw-down).



Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian. Wealth Habits does not itself provide such written reports.

### **Client Referrals**

We receive a non-economic benefit from Interactive Brokers LLC, TD Ameritrade, or Robust Wealth in the form of the support products and services it makes available to us and clients who maintain their accounts at Interactive Brokers LLC, TD Ameritrade or Robust Wealth.

Wealth Habits participates in TD Ameritrade's institutional (CRD #7870) customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Wealth Habits' participation in the program and the investment advice it gives to its clients, although Wealth Habits 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 Wealth Habits 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 Wealth Habits by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Wealth Habits' related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Wealth Habits but may not benefit its client accounts. These products or services may assist Wealth Habits in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Wealth Habits manage and further develop its business enterprise. The benefits received by Wealth Habits 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, Wealth Habits endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Wealth Habits or its related persons in and of itself creates a

potential conflict of interest and may indirectly influence Wealth Habits' choice of TD Ameritrade for custody and brokerage services.

### **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

### **Item 10 Requirements for State-Registered Advisers**

#### **Material Relationships That Management Persons Have With Issuers of Securities**

Neither Wealth Habits nor any management person including Gabriel Kaplan, have any relationship or arrangement with issuers of securities.