

# Wrap Fee Program Disclosure Brochure

May 2019

## **WealthPLAN Partners**

*CRD# 158935*

*A Registered Investment Adviser*

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This Disclosure Brochure provides information about the business and practices of WealthPLAN Partners. The purpose of the brochure is to provide information to you so that you can understand and use our services more effectively. Please call us at our main office number listed above if you have questions about the content of this brochure.

WPP is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The investment advisory services that are described within this brochure are not insured or otherwise protected by the U.S Government, the FDIC, the Federal Reserve Board, or any other government agency. All investments involve risk, including the possible loss of principal.

The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Additional information about WealthPLAN Partners is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching for WealthPLAN Partners or using CRD number 158935.

**WealthPLAN Partners, a Registered Investment Adviser**

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This Item discusses material changes that have been made to our wrap brochure since the date of our last annual updating amendment. Since our last annual amendment, we have entered into the TD Ameritrade Adviser Direct program. Please see Item 9 below for further details.

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

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our wrap fee program allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Because our firm absorbs client transaction fees under a wrap arrangement, an incentive exists to limit trading activities in client accounts. Custodial transaction costs are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services. This conflict of interest is mitigated by our fiduciary responsibility to always act in our client's best interest, and as such we do not manage wrap accounts in any different manner from non-wrap accounts.

### **Our Wrap Advisory Services**

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Clients can engage our wrap fee program to manage all or a portion of their assets on a discretionary basis. Clients can establish accounts at either Securities America, Charles Schwab & Co., or TD Ameritrade (TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC "TD Ameritrade" an unaffiliated SEC-registered broker-dealer and FINRA member). for the custody of assets, with our assistance.

We primarily allocate clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, managed futures, real estate partnerships and/or options, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, we may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. We also provide advice about any type of investment held in clients' portfolios.

We may also render non-discretionary investment advisory services to clients relative to their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, we either direct or recommend the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

We tailor our advisory services to the individual needs of clients. We consult with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client's investment needs. We strive to ensure that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance based on information provided by the client on the Client Profile form, the Fact Finder, and during a one on one meeting with the client(s) initially and at least annually. Clients are advised to promptly notify the firm if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon our management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds).

We provide wrap investment management services for an annual fee based upon a percentage of the market value of the assets being managed. Our annual wrap fee is inclusive of, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. We do not, however, receive any portion of these commissions, fees, and costs. The exact billing terms will be determined on a case by case basis and shall be described in the executed advisory agreement. The annual fee is negotiable and varies (between 0.01% and 2.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered. The client will receive full disclosure and details of all arrangements in the agreement.

Our firm will occasionally utilize the sub-advisory services of a third party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered.

For the sub-advisory services rendered to our clients, our firm compensates third party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid shall not exceed the fee published for this service. The terms and conditions under which the client shall engage the third party investment advisory firm or individual advisors shall be set forth in a separate agreement between the client and the designated third party.

#### **Other Types of Fees & Expenses:**

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The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., 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.

#### **Wrap Fee Program Recommendations:**

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Our firm does not recommend or offer the wrap program services of other providers.

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

We do not require a minimum account size to open or maintain an account. The types of clients we provide our services to include; individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities, and state or municipal government entities.

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

### **Selection of Portfolio Managers**

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Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives ("IAR"s) of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios are reviewed at least annually. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

### **Advisory Business:**

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Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap Investment Management clients.

Each Wrap Investment Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

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

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

#### **Performance-Based Fees & Side-By-Side Management:**

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Our firm does not charge performance-based fees.

#### **Methods of Analysis, Investment Strategies & Risk of Loss:**

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##### **Investment Strategies**

Our philosophy represents an evolution of investment thought that moves beyond simple "Buy and Hold" and basic Asset Allocation to that of Strategy Diversification. It focuses more directly on how investments interact and relate to each other, looking closely at how investments are managed, how they seek to gain their returns, how they address risk exposures, and perhaps most importantly, what their correlations are to one another.

We believe that Strategy Diversification can more effectively address portfolio volatility than basic Asset Allocation across stock and bond asset classes by utilizing strategies with defensive mechanisms, and low or uncorrelated strategies that have return characteristics unrelated to the stock and bond markets. Strategy Diversification is designed to recognize that investments have different characteristics to achieve return and address risk. By diversifying and actively allocating across these various strategies, we strive to build portfolios to address each client's long-term financial plan with more consistent returns and lower portfolio volatility.

With respect to our Retirement Plan Consulting Services, we strive to recommend diversified investment alternatives that plan sponsors may consider for investment or to make available to participants.

#### **Asset Classes We Use**

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**Bond Funds:** A fund that invests in bonds, or other debt securities. Bond funds can be contrasted with stock funds and money funds. Bond funds typically pay periodic dividends that include interest payments on the fund's underlying securities plus periodic realized capital appreciation. Bond funds typically pay higher dividends than a certificate of deposit ("CD") and money market accounts. Most bond funds pay out dividends more frequently than individual bonds.

Bond Funds can be classified by their primary underlying assets: (a) Government: Government bonds are considered safest, since a government can always "print more money" to pay its debt. In the United States,

these are United States Treasury securities or Treasurys. Due to the safety, the yields are typically low.; (b) Agency: In the United States, these are bonds issued by government agencies such as the Government National Mortgage Association (Ginnie Mae), Federal Home Loan Mortgage Corp. (Freddie Mac), and Federal National Mortgage Association (Fannie Mae).; (c) Municipal: Bonds issued by state and local governments and agencies are subject to certain tax preferences and are typically exempt from federal taxes. In some cases, these bonds are even exempt from state or local taxes.; and (d) Corporate: Bonds are issued by corporations. All corporate bonds are guaranteed by the borrowing (issuing) company, and the risk depends on the company's ability to pay the loan at maturity. Some bond funds specialize in high-yield securities (junk bonds), which are corporate bonds carrying a higher risk, due to the potential inability of the issuer to repay the bond. Bond funds specializing in junk bonds – also known as "below investment-grade bonds" – pay higher dividends than other bond funds, with the dividend return correlating approximately with the risk. Bond funds may also be classified by factors such as type of yield (high income) or term (short, medium, long) or some other specialty such as zero-coupon bonds, international bonds, multisector bonds or convertible bonds.

Fund managers provide dedicated management and save the individual investor from researching issuer creditworthiness, maturity, price, face value, coupon rate, yield, and countless other factors that affect bond investing. Bond funds invest in many individual bonds, so that even a relatively small investment is diversified—and when an underperforming bond is just one of many bonds in a fund, its negative impact on an investor's overall portfolio is lessened. In a fund, income from all bonds can be reinvested automatically and consistently added to the value of the fund. Investors can sell shares in a bond fund at any time without regard to bond maturities.

Bond funds typically charge a fee, often as a percentage of the total investment amount. This fee is not applicable to individually held bonds. Bond fund dividend payments may not be fixed as with the interest payments of an individually held bond, leading to potential fluctuation of the value of dividend payments. The net asset value ("NAV") of a bond fund may change over time, unlike an individual bond in which the total issue price will be returned upon maturity (provided the bond issuer does not default).

**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.



Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Our firm attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that our firm will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

**Exchange Traded Funds ("ETFs"):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values ("NAV") at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the

underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Individual Stocks:** A common stock is a security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Investing in individual common stocks provides us with more control of what you are invested in and when that investment is made. Having the ability to decide when to buy or sell helps us time the taking of gains or losses. Common stocks, however, bear a greater amount of risk when compared to certificate of deposits, preferred stock and bonds. It is typically more difficult to achieve diversification when investing in individual common stocks. Additionally, common stockholders are on the bottom of the priority ladder for ownership structure; if a company goes bankrupt, the common stockholders do not receive their money until the creditors and preferred shareholders have received their respective share of the leftover assets.

## **Risk of Loss**

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Market Risks*

The profitability of a significant portion of our recommendations or selections may depend to a great extent upon correctly assessing the future course of price movements of various securities in which it invests. There can be no assurance that we will be able to predict those price movements accurately.

#### *Management through Similarly Managed Accounts*

For most clients, we generally manage portfolios by allocating portfolio assets among various mutual funds/securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, we buy, sell, exchange and/or transfer shares of mutual funds, ETFs and other securities based upon the investment strategy.

Our management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to clients may be limited. As further discussed in response to Item 12B (below), we allocate investment opportunities among clients on a fair and equitable basis.

#### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying

security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

#### **Voting Client Securities**

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We do not and will not accept the proxy authority to vote client securities. Clients retain the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the account's custodian. We will not be providing you with this information. However, if you have any questions about a particular situation, you may contact us for general information.

Third party money managers selected or recommended by our firm may vote proxies for clients. Except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

#### **Item 7: Client Information Provided to Portfolio Manager(s)**

For accounts managed by our in-house licensed IARs, the IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

For those managed by outside portfolio managers, our firm communicates with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, our firm will communicate such information as part of our regular investment management duties. Nevertheless, our firm 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(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.

## **Item 9: Additional Information**

### **Disciplinary Information**

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We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures to add to this Item.

### **Financial Industry Activities & Affiliations**

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#### **Receipt of Securities Commission**

We participate in Securities America's hybrid RIA program. As such, our advisory representatives are registered representatives of Securities America's Broker Dealer. In such capacity, those advisory representatives may receive commissions for recommending the purchase or sale of securities. As a result of this relationship, Securities America may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through Securities America. Any client who would like a copy of the Securities America privacy policy may contact the firm.

#### **Registered Representatives of a Broker Dealer**

Representatives of our firm are registered representatives of Securities America, Inc. member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

#### **Receipt of Insurance Commission (Agency or No Agency)**

Certain of the firm's advisory representatives, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. Although we do not sell such insurance products to our investment advisory clients, we do permit the advisory representatives, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that we recommend the purchase of insurance products where its advisory representatives receive insurance commissions or other additional compensation.

## **Receipt of LPL Shares**

Our previous Broker Dealer was LPL Financial. LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Certain advisory representatives of WPP are shareholders and/or option holders of LPLA.

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

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We recognize that the personal investment transactions of the associated persons of the firm necessitates the implementation and strict adherence to a robust set of values, or Code of Ethics. The firm has adopted such a Code that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the firm or any of its associated persons. The Code of Ethics also requires that certain of firm personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in the firm's Code of Ethics, none of our Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold on behalf of any of WPP's clients.

When the firm is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the firm is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact us to request a copy of our Code of Ethics.

LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company. We do not recommend or solicit orders of LPL Investment Holdings Inc. stock in our accounts.

## **Review of Accounts**

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For those clients engaged in our wrap investment management services the firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted periodically as needed but at least annually. Such reviews are conducted by one of our investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto. We contact ongoing investment advisory clients at least annually to review our previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the custodian for the client accounts.

Clients receiving wrap investment management services will also receive a quarterly performance report issued either by the firm or the selected custodian on behalf of the firm.

## **Other Compensation**

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As a result of our relationship with Securities America, we may receive production bonuses, stock or stock options to purchase shares of Securities America's parent company, and other things of value such as free or reduced-cost attendance at the national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or the amount of assets serviced through Securities America. Thus, there is a financial incentive for us to recommend that you select Securities America as the Broker Dealer for your investment management account so that we will be compensated. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in the client's best interests.

In addition, we may receive an economic benefit from Securities America in the form of a loan, which is forgiven if we meet certain conditions in terms of maintaining a relationship with Securities America. We also may receive payments from Securities America to reimburse for marketing related expenses, technology costs, and to pay for transitioning new advisory representatives to the firm. Please see detailed discussion of the conditions and potential conflicts of interest in Item 12 Brokerage Practices of the Form ADV Part 2A.

Advisor 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, Advisor 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 Advisor 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 Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Advisor will also pay TD Ameritrade the Solicitation Fee on any assets received by Advisor 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 Advisor on the recommendation of such referred client. Advisor 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 Acknowledgement Form.

Advisor'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, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor 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. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

We receive an economic benefit from Securities America, Schwab and TD Ameritrade in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts through Securities America at Schwab and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see Form ADV Part 2A Item 12- Brokerage Practices). The availability to us of Securities America, Schwab and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage



– trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Here is a more detailed description of Schwab’s support services:

Services that Benefit You. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services that May Indirectly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Our Firm. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
  - technology, compliance, legal, and business consulting;
  - publications and conferences on practice management and business succession; and
  - access to employee benefits providers, human capital consultants and insurance providers.
- Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of Schwab services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our firm 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. Our firm receives some benefits from TD Ameritrade through its participation in the Program.

We participate in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor 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; 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 us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits received by our firm or personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however,

that the receipt of economic benefits by our firm or related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We also receive from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Salesforce, Orion, Morningstar, & Bloomberg. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Our receipt of Additional Services does not diminish our duty to act in the best interests of our Clients, including to seek best execution of trades for Client accounts.

### **Client Referrals**

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WPP compensates other persons or firms for client referrals. WPP enters into an agreement with such referral agents and pays them a portion of the advisory fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent. The compensation for these services is paid completely by the firm from the investment advisory fees earned, which are not increased or passed along to a client in any way, therefore there is no increase in the advisory fees you will pay to the Investment Adviser.

WPP will also occasionally act as a third party manager for client accounts. In such instances a portion of the advisory fee agreed to and paid by the client will be remitted to our firm for the asset management services provided.

### **Financial Information**

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We do not require nor do we solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance when providing advisory services. As a result, we are not required to include a financial statement with this brochure. WPP is not and has never been the subject of a bankruptcy petition.