



# **Form ADV Part 2A Appendix 1 - Investment Management Wrap Fee Program Brochure**

**Walker Asset Management, LLC**

Principal Address: 13333 Lawrence 2193, Verona, MO 65769

Mailing Address: PO Box 8467, Springfield, MO 65801

(417) 235-9125

February 2019

This Investment Management Wrap Fee Program Brochure provides information about the qualifications and business practices of Walker Asset Management, LLC (WAM). If you have any questions about the contents of this Brochure, please contact us at (417) 235-9125. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

WAM is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser. Additional information about WAM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated February 2019, represents the annual amendment to the Wrap Fee Program Brochure for Walker Asset Management, LLC.

Since the filing of the last annual amendment to the Brochure on January 16, 2018, the following revisions have been made to the brochure:

- Revisions were made to Item 7 to better describe our wrap fee program. Reference to third party managers have been removed as only investment adviser representatives of WAM serve as portfolio managers.
- Revisions were made to Item 8 to again clarify that only investment adviser representatives of WAM serve as portfolio managers and no third party managers would handle contact with clients.

Pursuant to regulatory requirements, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochures may be requested by contacting us at (417) 235-9125.

Additional information about WAM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with WAM who are registered as investment adviser representatives of the firm.

### Item 3 - Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 - Table of Contents .....	iii
Item 4 – Services, Fees and Compensation.....	1
Item 5 – Account Requirements and Types of Clients .....	2
Item 6 – Portfolio Manager Selection and Evaluation .....	2
Item 7 – Client Information Provided to Portfolio Managers .....	4
Item 8 – Client Contact with Portfolio Managers .....	4
Item 9 – Additional Information .....	4
Brochure Supplement(s)	

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

### **Investment Management Services**

Investment management services are provided through this Wrap Fee Program where participants will receive portfolio management, custodial, reporting, and clearing services for one all-inclusive fee.

When providing investment management services, the firm not only makes recommendations related to investments, but also implements these recommendations and provides ongoing monitoring and reporting.

WAM will assist the client in assessing their current financial situation, financial goals and attitudes towards risk, and will then establish what the firm believes to be an appropriate asset allocation. Clients are required to give the firm discretion to make all investment decisions (discretionary management).

Portfolios will be invested in a variety of investment classes, including stocks, bonds, mutual funds, and exchange traded funds, among others. The firm can also recommend the use of outside managers. The advisory representative will recommend changes to a client's portfolio based on market, economic, or political circumstances, and the individual characteristics of the securities in the portfolio.

Annual wrap program fees range up to 1.5% and are negotiated based on the complexity of the engagement prior to the start of the engagement. Fees are calculated and charged quarterly in advance based on the balance of assets under management as of the end of the preceding quarter. Fees for the first quarter are based on the balance of assets under management at inception. Fees for partial quarters are prorated based on the number of days assets are under management. Fees are deducted directly from the client's account.

Wrap programs can be terminated by either party at any time with 30 days written notice to the other party, and any unearned fees paid in advance will be refunded.

Wrap program fees include investment management and brokerage charges, but are separate from charges imposed by third parties, such as third party management fees, custodial fees, expense or other charges imposed directly by mutual funds or exchange traded funds, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees, and other fees and taxes on brokerage accounts and securities transactions.

WAM does not hold client assets but instead requires that they be held by a third party "qualified custodian." The qualified custodian we use is Charles Schwab & Co., Inc. (Schwab). For our

clients' accounts that Schwab maintains, Schwab does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from Schwab accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at Schwab. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Services purchased through this program may cost clients less than purchasing similar services from the firm on a stand-alone basis, in that brokerage costs (if any) are paid on behalf of the client through the Wrap Program. However, since WAM absorbs certain transaction costs in Wrap Program accounts, we have a financial incentive not to place trade orders in those accounts, so clients should be aware that this conflict of interest can exist.

Clients are encouraged to compare the costs they incur in this Wrap Program vs. a typical investment management account, as the anticipated level of trading activity will impact the costs associated with each type of arrangement.

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

WAM provides advisory services to individuals, businesses and participants in retirement plans. The firm generally requires a minimum investment amount of \$500,000 to open a Wrap Program account; however, we reserve the right to waive this requirement. Third party managers may also have separate minimum requirements.

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

WAM functions not only as the Wrap Program sponsor but also as a portfolio manager.

Since WAM functions as a Wrap Program portfolio manager, a conflict of interest exists because WAM pays certain client trading costs from its fee. This creates an incentive to make recommendations that cost us less, or to recommend fewer trades, regardless of the benefit to our client. However, we feel that the cost of trading is not material enough to influence our investment recommendations, and we feel that the harm to our clients and our reputation far outweighs any potential cost savings. It is our policy to always act in the best interests of our clients.

#### **Advisory Business**

In addition to serving as a Wrap Program investment manager, WAM can also recommend the use of third party managers. When selecting and reviewing a third party manager, we consider many different factors including quality of service, types of services offered, overall capability,

fees, investment performance, consistency with industry performance calculation standards, reputation of the firm, financial resources, and other factors. WAM selects managers for use with a client depending on client needs, risk tolerance, account size and other factors. Although WAM will generally assess and review third party manager performance, the firm does not calculate, audit, or verify third party manager performance.

WAM also provides investment advisory services on a stand-alone basis (See Form ADV Part 2A Brochure), and advice on strategies for education funding, retirement planning, estate planning, risk management, employee benefits planning and tax planning, as well as general financial planning and consultation services.

Whether services are provided through this Wrap Program or on a stand-alone basis, services are tailored to the individual needs of clients. Clients can also impose restrictions on investing in certain securities or types of securities.

### **Performance Based Fees and Side by Side Management**

WAM does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and consequently does not manage performance based accounts.

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

WAM's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to reduce risk and volatility by building globally diversified portfolios. To implement this strategy, WAM primarily uses fundamental security methods of analysis, as well as market trend and economic cycle analysis. While stocks, bonds, mutual funds and exchange traded funds are the primary investment vehicles used in or recommended for client accounts, we may also use or recommend various other investment vehicles, and may implement in various ways, including long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), and trading (securities sold within 30 days).

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, and political risk, and loss of capital, among others. Additionally, certain trading strategies can affect investment performance through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

Although WAM intends to manage risk through the careful selection of investments, no investment strategy can assure a profit or avoid a loss.

## **Voting Client Securities**

WAM does not vote proxies on behalf of clients. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, our firm has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy you can contact us.

## **Item 7 – Client Information Provided to Portfolio Managers**

Only investment adviser representatives of WAM serve as portfolio managers for our Asset Management Services. Our associated investment adviser representatives are responsible for gathering all information provided by you. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through our Asset Management Services Program. You are responsible for promptly contacting your investment adviser representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. Since we do not use any outside portfolio managers, we do not share your information with any outside portfolio managers.

## **Item 8 – Client Contact with Portfolio Managers**

Only investment adviser representatives of WAM serve as portfolio managers for our Asset Management Services Program. There are no restrictions placed on your ability to contact and consult with their portfolio managers. It is the policy of WAM to provide for open communications between the investment adviser representatives and clients. You are encouraged to contact your investment adviser representative whenever you have questions about the management of your account(s).

## **Item 9 – Additional Information**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management.

The owner of the firm, D. Robin Walker, was subject to an SEC administrative proceeding in

2014 related to his participation in SignalPoint Asset Management LLC, an investment advisory firm partially owned by Mr. Walker. At the time, he was alleged to have failed to disclose all material facts concerning the extent of his control of and participation in SignalPoint, and to have failed to disclose conflicts of interest related to his personal interest in Signal Point. In order to resolve the SEC matter, Mr. Walker consented to a censure, a cease and desist order, and a monetary fine.

Mr. Walker was also subject to a FINRA administrative proceeding in 2015 related to the same matter. While employed by a FINRA member broker dealer, Mr. Walker was alleged to have engaged in an outside business activity with an unrelated investment advisory firm (SignalPoint) without adequately disclosing the activity to his employer in violation of FINRA rules. Although his employer was made aware of Mr. Walker's wishes, the firm alleged that they were not properly notified of Mr. Walker's active participation, management, and control of SignalPoint. In order to resolve the FINRA matter, Mr. Walker consented to an 18 month FINRA membership suspension and a contingently suspended monetary penalty.

WAM is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

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

The owner of the firm, D. Robin Walker, also has ownership interests in SignalPoint Asset Management LLC, a separately owned SEC registered investment advisory firm that he helped form in 2008. Although Mr. Walker is no longer actively involved in the management or operations of SignalPoint having transitioned his client relationships to WAM, he has retained his partial ownership in SignalPoint. Clients should be aware that conducting business with SignalPoint may create a conflict of interest due to Mr. Walker's ownership interest. To address conflicts of interest, the firm will make disclosures to clients in advance, will adjust fees were applicable, and will not require clients to conduct business with any related entities or entities in which Mr. Walker has ownership interest.

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

WAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The WAM Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. WAM will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer. WAM does not participate in IPOs or private placements (limited offerings).



## **Review of Accounts**

Accounts are generally reviewed on a weekly, monthly, quarterly, or semi-annual basis, depending on the type of account. Reviews may be general in nature, addressing investment objectives, risk tolerances or asset allocations, or they may be more detailed, depending on circumstances. The level of detail of the review is generally triggered by factors such as market, political, or economic conditions, or the client's individual financial situation. Clients should notify the firm of any material personal financial changes.

In addition to the monthly statements and confirmations of transaction that clients receive from the custodian, WAM and the custodian may provide other reports directly to the client from time to time depending on the type of engagement.

WAM urges clients to carefully review custodial statements and compare them to the reports which we may provide.

## **Client Referrals and Other Compensation**

WAM does not compensate any outside parties for client referrals, nor do we receive any compensation or non-cash economic benefit for client referrals.

WAM does however receive economic benefits from our custodian in the form of the support products and services that are made available to us and to other independent investment advisors.

Our primary custodian provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. Our custodian also makes available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our custodian 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, which we may use to service all or a substantial number of our clients' accounts, including accounts not maintained at

our custodian. In addition to investment research, our custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our custodian also offers other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodian benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with our custodian based on our interests rather than yours, which is a conflict of interest. We believe, however, that our selection of our custodian as custodian and broker is in the best interests of our clients, and is primarily supported by the scope, quality, and price of our custodian's services and not the services that benefit only us.

The firm may also on limited occasions receive travel expense reimbursements for industry meetings related to market analysis, investment strategies, and practice management. The availability to us of these economic benefits is not based on us giving particular investment advice, such as buying or recommending particular securities for our clients. Furthermore, our representatives are required to make all investment decisions and recommendations based solely on the interests of the applicable client.

### **Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

WAM has no financial or operating conditions which trigger such additional reporting requirements.