

# Parkstone Wealth Management, LLC

## Disclosure Brochure

Updated March 2022



This brochure provides information about the qualifications and business practices of Parkstone Wealth Management, LLC (hereinafter “PWM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). PWM is a state registered investment adviser.

Registration does not imply any level of skill or training.

Parkstone Wealth Management, LLC, a Registered Investment Advisor

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**Item 2. Material Changes**

There are no material changes in this brochure from the last annual updating amendment of PWM on 03/22/2021. Material changes relate to Firm name policies, practices or conflicts of interests only.



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#### **Item 4. Advisory Business**

PWM is a full-service wealth management firm offering a comprehensive suite of financial planning, consulting and investment portfolio management services to its clients. The Firm was formed in 2013 and is owned by Cheryl F. Quisenberry and Chester A. Straily.

PWM has \$ 170,661,553.00 of assets under management as of December 31, 2021, all of which are managed on a discretionary basis.

While this brochure generally describes the business of PWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on PWM's behalf and is subject to the Firm's supervision or control.

#### **Wealth Management Services**

##### **Financial Planning and Consulting Services**

The financial planning and consulting component of the wealth management offering may include any or all of the following functions:

- |                           |                        |
|---------------------------|------------------------|
| ■ Cash Flow & Budgeting   | ■ Wealth Transfer      |
| ■ Tax Consultations       | ■ Charitable Planning  |
| ■ Insurance Consultations | ■ Estate Planning      |
| ■ Business Planning       | ■ Trust Administration |
| ■ Mortgages/Lending       | ■ Retirement Planning  |
| ■ Financial Reporting     | ■ Educational Funding  |

In performing these services, PWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. For any financial planning or consulting services, PWM may recommend its own services or the services of other professionals to implement its recommendations.

Clients are under no obligation to act upon any such recommendations and clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify PWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising PWM's previous recommendations and/or services.

### **Investment Management**

PWM manages client investment portfolios on a discretionary basis by primarily allocating assets among independent investment managers (“Independent Managers”), mutual funds, ETFs, and individual debt securities. Where appropriate, the Firm may also recommend and advise upon certain privately placed securities, which may include debt, equity and/or pooled investment vehicles (e.g., hedge funds, private equity funds, funds of funds, etc.). The Firm may also provide advice with regard to various types of legacy holdings, as well as certain investment products that are not maintained at the client’s primary custodian, such as variable annuity contracts and qualified tuition plans (i.e., 529 plans). The Firm does not limit advice to any specific strategy or product.

PWM tailors its advisory services to accommodate the needs of its individual clients and, on a continuous basis, seeks to ensure that its clients’ portfolios are managed in a manner consistent with their specific investment profiles. PWM consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify the Firm if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

### **Use of Independent Managers**

As mentioned above, PWM may select certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between the designated Independent Manager and either PWM or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated Independent Managers engaged to manage their assets. PWM does not receive compensation from any such Independent Managers.

PWM evaluates various information about the Independent Managers it chooses to manage client portfolios, which may include the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. PWM also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

PWM continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. PWM seeks to ensure the Independent Managers’ strategies and target allocations remain aligned with its clients’ investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

### **Wealth Management Fees**

PWM provides wealth management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 100 and 200 basis points (1.00% – 2.00%), depending upon the size of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by PWM on the last day of the previous billing period. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged or refunded to the client, as appropriate.

### **Other Services**

In certain limited instances, the Firm may provide various business consulting services to non-advisory clients. PWM generally charges either a negotiable hourly and/or fixed fee to provide clients with these stand-alone services. These fees are largely determined by the scope and complexity of the agreed upon services and range from \$100 to \$500 on an hourly basis and \$2,500 to \$25,000 on a fixed fee basis. The specific terms and fee structure are negotiated in advance and set forth in the Agreement with PWM.

### **Fee Discretion**

PWM, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to PWM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

**Fee Debit**

Clients generally provide PWM with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to PWM.

**Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to PWM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to PWM, subject to the usual and customary securities settlement procedures. However, PWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

**Item 6. Performance-Based Fees and Side-by-Side Management**

PWM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

**Item 7. Types of Clients**

PWM provides its services to individuals, trusts, estates, charitable organizations, corporations and business entities.

**Minimum Annual Fee**

As a condition for starting and maintaining a wealth management relationship, PWM generally imposes a minimum annual fee of \$25,000.

PWM, in its sole discretion, may waive its minimum annual fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and pro bono activities. Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than PWM. In such instances, PWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis**

PWM generally utilizes a combination of fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. PWM generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that PWM will be able to accurately predict such a reoccurrence.

### **Investment Strategies**

The Firm takes a complete and holistic approach to portfolio management and each client has an investment strategy tailored to their particular needs and risk tolerance. PWM's investment discipline is rooted in broad asset allocation across multiple asset classes, diversification in an effort to reduce portfolio risk and frequent monitoring to seek to ensure that client portfolios are managed in a manner consistent with their specific investment profiles.

### **Risks of Loss**

#### **General Risk of Loss**

Investing in securities involves the risk of loss and clients should be prepared to bear potential losses.

#### **Market Risks**

The performance of a significant portion of PWM's recommendations may depend to a great extent on the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that PWM will be able to predict those price movements accurately.



### **Mutual Funds and 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"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). 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 actual 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.

### **Use of Independent Managers**

PWM may recommend the use of Independent Managers. In these situations, PWM continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, PWM generally may not have the ability to supervise the Independent Managers on a day -to-day basis.

### **Use of Private Collective Investment Vehicles**

In limited circumstances, PWM may recommend that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation.

There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

## **Item 9. Disciplinary Information**

PWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

PWM is not engaged in any other financial industry activities and does not have any affiliations that are otherwise material to the Firm's advisory business. PWM does not currently employ the services of outside managers to assist in with our asset management services. If we recommend these services in the future, we will not receive any financial benefit in making this recommendation. The fees for these services are in addition to our fee schedule published herein and will be outline in a separate agreement to be signed by the client.

## **Item 11. Code of Ethics**

PWM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. PWM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of PWM's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, PWM's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed,
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients, or
- a decision has been made not to engage in the transaction for the client.

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 PWM to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

PWM generally recommends that clients utilize the brokerage and clearing services of RBC Capital Markets, LLC (“RBC”) for investment management accounts.

Factors which PWM considers in recommending RBC or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by RBC may be higher or lower than those charged by other Financial Institutions.

The commissions paid by PWM’s clients comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where PWM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. PWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

PWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct PWM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by PWM (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, PWM may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless PWM decides to purchase or sell the same securities for several clients at approximately the same time. PWM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among PWM’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among PWM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that PWM determines to aggregate client orders for the purchase or sale of securities, including securities in which PWM’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. PWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon

other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account

that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, PWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist PWM in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because PWM does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

PWM may receive from RBC, without cost to PWM, computer software and related systems support, which allow PWM to better monitor client accounts maintained at RBC. PWM may receive the software and related support without cost because PWM renders investment management services to clients that maintain assets at RBC. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit PWM, but not its clients directly. In fulfilling its duties to its clients, PWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that PWM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence PWM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, PWM may receive the following benefits from RBC through its institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

**Item 13. Review of Accounts**

**Account Reviews**

PWM monitors its clients' investment portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Managing Directors of the Firm, Cheryl F. Quisenberry and/or Chester A. Straily. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with PWM and to keep the Firm informed of any changes thereto. PWM contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

**Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions. Clients in the Program also receive periodic reports from PWM that may include relevant account and/or market-related information, such as an inventory of account holdings and/or portfolio performance. Clients should compare any supplemental reports they receive with the summary account statements they receive from the Financial Institutions.

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

**Client Referrals**

PWM is required to disclose any direct or indirect compensation that it provides for client referrals. PWM does not have any required disclosures to this Item.

**Other Economic Benefits**

In addition, PWM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

### **Item 15. Custody**

PWM's Agreement and/or the separate agreement with any Financial Institution may authorize PWM through such Financial Institution to debit the client's account for the amount of PWM's fee and to directly remit that management fee to PWM in accordance with applicable custody rules.

While our firm does not maintain physical custody of client assets, we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts under a "Standing Letter of Authorization" Agreement.

The Financial Institutions recommended by PWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PWM. In addition, as discussed in Item 13, PWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from PWM. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Item 16. Investment Discretion**

PWM may be given the authority to exercise discretion on behalf of clients. PWM is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. PWM is given this authority through a power-of-attorney included in the agreement between PWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). PWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Independent Managers to be hired or fired.

### **Item 17. Voting Client Securities**

PWM is required to disclose if it accepts authority to vote client securities. PWM does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions.

### **Item 18. Financial Information**

PWM is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



**PARKSTONE**  
WEALTH MANAGEMENT, LLC