



## **WP Advisors, LLC**

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

This disclosure brochure provides clients with information about the qualifications and business practices of WP Advisors, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services WP Advisors, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of WP Advisors, LLC. Please contact Jennifer Cooney, Chief Compliance Officer of WP Advisors, LLC, at 415-777-2900 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that WP Advisors, LLC or any individual providing investment advisory services on behalf of WP Advisors, LLC possess a certain level of skill or training.

Additional information about WP Advisors, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for WP Advisors, LLC is 118268.

## **Item 2 Summary of Material Changes**

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

Since our last annual updating amendment, dated March 1, 2023 we have no material changes to report.

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## Item 4 Advisory Business

### Company

WP Advisors, LLC is a privately-held, California, limited liability company that has been providing investment advisory services since 1999 and has been registered with the SEC since 2004.

Throughout this disclosure brochure, the company is referred to as "WP" or "the firm" or "we".

The principal owners of WP are Anthony (aka Tony) M. Spangenberg and Stephen (aka Steve) D. Philliber. The firm was co-founded by Tony and Steve in 1999.

### Services

WP provides the following investment advisory services:

#### Investment Management Services

WP provides personalized investment management services to investors. The process starts with gathering required information and setting a confidential meeting to explore a client's financial goals/needs. During this meeting, the client will complete a thorough questionnaire and provide us with any authorizations. WP may also evaluate current financial circumstances through analyses of net worth, income taxes, cash flow and budgeting, investments and asset allocation, retirement planning, employee benefit plan analysis, estate and gift tax planning, education pre-funding and risk management focusing on life, health and disability coverage. The client and WP have the opportunity to have thoughtful discussions about financial planning thus helping to create a risk profile and establish guidelines.

After WP has an understanding of a client's investment goals, risk tolerance and time-frame, a customized portfolio is created as well as a financial plan of action to achieve stated goals. WP will allocate a client's assets among various investments and asset classes. The client's personalized advisory accounts will be constantly monitored and reviewed.

Advisory account(s) will be managed on either a discretionary or non-discretionary basis. Clients may place reasonable restrictions on the types of investments which will be made on their behalf. However, WP reserves the right to decline or terminate an account if the restrictions imposed are not reasonable or prohibit effective management of an account.

While financial analyses may include investment advice concerning mutual funds and securities, it may also include investment advice with respect to products that may or may not constitute "securities," such as life insurance and annuities. It also takes into consideration estate tax planning issues that may not represent "investment" advice. Should a client choose to implement the suggestions contained in the analysis, WP suggests the client work closely with a personal attorney, accountant, and/or insurance agent. Implementation of financial analysis suggestions is entirely at the client's discretion. Financial analysis suggestions are not limited to any specific product or service offered by a broker-dealer or insurance company.

In performing its services, WP shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. If requested by the client, WP may suggest the services of other professionals for implementation services, but the client is under no obligation to engage the services of any suggested professional. In addition, each client is advised that it remains their responsibility to promptly notify WP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising WP's previous recommendations and/or services.

## **Advisory Services Regarding Retirement Assets**

WP offers various levels of advisory and consulting services concerning retirement assets. While we do not set up or manage employer sponsored qualified plans, we do manage 401(k) rollover accounts, IRAs, Roth IRAs, single member 401(k)s and other types of individual retirement accounts. WP may also provide advice to the participants of employer sponsored qualified plans when engaged directly by those plan participants.

## **Types of Investments**

We primarily offer advice on domestic and foreign equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds and exchange traded funds (ETFs), variable life insurance, and options and warrants.

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

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

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Assets Under Management**

As of December 31, 2023, the total amount of client assets managed by WP amounts to approximately \$431,203,264. Of this total amount, \$422,122,089 of client assets are managed on a discretionary basis and \$9,081,175 of client assets are managed on a non-discretionary basis.

## Item 5 Fees and Compensation

### Investment Management Fees

The annual fee for Investment Management Services will be charged as a percentage of assets under management according to the following schedule:

Assets Under Management	Maximum Annual Fee (%)
On the First \$500,000	1.25%
On the next \$500,000 to \$5 million	1.00%
On \$5 million to \$10 million	0.75%
Over \$10 million	0.50%

WP requires a minimum account size of \$500,000.

Clients will be billed in arrears at the end of each calendar quarter based upon the market value of the assets in the client's account at the end of that quarter. Market value will be determined by the account custodian. In the event that the account custodian cannot provide a market value for an asset, WP will determine a fair market value for that asset.

Fees are payable within 30 days of the date of the invoice and may be deducted directly from the account with client consent. Unless otherwise agreed to, clients will have fees deducted directly from their accounts. If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was effective. Details of the investment management fee charged are more fully described in the advisory agreement and the schedule of fees entered into with each client.

### Important Additional Information

#### Fees Negotiable

WP retains the right to modify fees, including minimum account sizes and minimum annual fees, in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided.

#### Direct Debiting of Client Accounts

In order for WP's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting WP to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to WP. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

#### Termination of Client Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any earned, unpaid fees will be due and payable. Since clients are billed in arrears, no refund of advisory fees will typically be due. If WP charges a client incorrectly, WP will usually refund the money via a check or account credit.

#### Mutual Fund Fees

All fees paid to WP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses,

and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of WP. In that case, the client would not receive the services provided by WP which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by WP to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Trading and Other Costs

All fees paid to WP for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" of this disclosure brochure for additional information on brokerage and other transaction costs.

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

WP does not accept performance-based fees (e.g., fees based on a share of capital gains on or capital appreciated of the assets in a client's account).

### **Item 7 Types of Clients**

WP provides investment advisory services to individuals (including high net worth individuals), trusts, estates, charitable organizations, corporations and other types of business entities.

#### **Engaging the Services of WP**

All clients wishing to engage WP for investment advisory services must first complete the applicable investment advisory agreement as well as any other document or questionnaire provided by WP. The investment advisory agreement describes the services and responsibilities of WP to the client. It also outlines WP's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, WP will be considered engaged by the client. Clients are responsible for ensuring that WP is informed in a timely manner of changes in investment objectives and risk tolerance.

#### **Conditions For Managing Accounts**

##### Investment Management Services

WP requires new clients have a minimum account size of \$500,000 for Investment Management Services, although WP retains the right to reduce or waive this minimum account size. Accounts of less than \$500,000 may be set up when the client and WP anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of WP and their relatives, or relatives of existing clients. Economic hardship circumstances may also be taken into consideration.

In addition, WP reserves the right to refuse to accept proposed investment management responsibilities or to resign from the management of any individual account.

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

### Investment Strategies

WP may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, option writing and margin transactions.

### Security Analysis

The security analysis method employed by WP is fundamental analysis. Fundamental Analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

- Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### Sources of Information

In conducting security analysis, WP may utilize the following sources of information: financial newspapers and magazines and websites, inspection of corporate activities, research materials prepared by others, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases.

### Risk

#### In General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability. Depending upon the client need and investment mandate, WP will attempt to thoroughly explain the applicable risks.

#### Long-Term Purchases

Long term purchases involve purchasing securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

#### Short-Term Purchases

Short term purchases involve purchasing securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.



### Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### Frequent Trading and Investment Performance

Strategies involving frequent trading of securities can affect investment performance through increased brokerage and other transaction costs and taxes.

### **Cash Management**

Cash and equivalents can be held in client accounts for defensive purposes or in preparation for client liquidity needs.

### **Recommendation of Particular Types of Securities**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds and exchange traded funds (ETFs), variable life insurance, and options and warrants.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Commercial Paper:** Commercial Paper (CP) is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.

**Certificates of Deposit:** Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it's possible for inflation to outpace the return. Likewise, US Government securities are backed by the full faith and credit of the United States government but it's also possible for the rate of inflation to exceed the returns.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The US Securities and Exchange Commission notes that "While investor losses in money market funds have been rare, they are possible". In return for this risk, you should earn a greater return on your cash than you'd expect from an FDIC insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you don't know how much you'll earn on your investment next month. The rate could go up or down. If it goes up, that may be a good thing. However, if it goes down and you earn less than you expected, you can end up needing more cash. A final risk you're taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Mutual Funds and ETFs:** Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge

such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

**Options and Warrants:** Options are complex securities that *involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital.* An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The main difference between warrants and call options is that warrants are issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months. The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.

- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include: market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks as stock options are a derivative of stocks.

## **Item 9 Disciplinary Information**

Neither WP nor any of its supervised persons have been disciplined by a regulatory agency.

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

While investment adviser representatives of WP may be licensed insurance agents, clients of WP requiring insurance products will be referred to other, unaffiliated insurance providers. Therefore, no investment adviser representatives shall receive any insurance commission. Furthermore, clients of WP are under no obligation to use any referred insurance agent or provider.

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

### **Our Code of Ethics**

WP has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that WP and its employees owe a fiduciary duty to its clients. Accordingly, WP expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. WP and its employees are required to adhere to the Code of Ethics. At all times, WP and its employees must (i) place client interests ahead of WP's; (ii) engage in personal investing that is in full compliance with WP's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of WP's Code of Ethics by contacting Jennifer Cooney, Chief Compliance Officer of WP, at 415-777-2900.

**Prohibition on Use of Insider Information**

WP has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of WP's Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of WP's Insider Trading policies and procedures, please contact Jennifer Cooney, Chief Compliance Officer of WP, at 415-777-2900.

**Participation or Interest in Client Transactions**

*WP or individuals associated with WP may buy, sell, or hold in their personal accounts the same securities that WP recommends to its clients.*

WP or individuals associated with WP may buy, sell, or hold in their personal accounts the same securities that WP recommends to its clients and in accordance with WP's internal compliance procedures such trades will occur simultaneously with or after trades placed on behalf of clients. To minimize conflicts of interest, and to maintain the fiduciary responsibility WP has for its clients, WP has established the following policy: An officer, director, or employee of WP shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with WP, unless the information is also available to the investing public as a whole. No person associated with WP shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. WP personnel may not anticipate trades to be placed for clients.

**Item 12 Brokerage Practices****Broker Selection****The Custodian and the Broker We Use**

WP does not maintain custody of client assets that we manage although we may be deemed to have custody of assets if we are given authority to withdraw assets directly from client accounts (see – *Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer. We recommend our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC as the qualified custodian. Even though we recommend this custodian, we are independently owned and operated and are not affiliated with Schwab.

A qualified custodian will hold client assets in a brokerage account and buy/sell securities as WP instructs. The client will open an account by entering into an account agreement directly with the custodian/broker. We do not open the account, although we assist the client in doing so.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Efficiency of execution and error resolution
- Availability of other products and services that benefit us, as discussed below (see "*Products and Services Available to Us From Schwab*")

#### Your Brokerage and Custody Costs

Client accounts that are maintained at Schwab generally are not charged separately for custody services, but may be compensated by charging commission or other fees on trades that they execute. We believe using Schwab to execute trades is consistent with our duty to seek "best execution."

#### Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." (Meaning: the most favorable terms for a transaction based on all relevant factors.) The best execution responsibility applies to the circumstances of each particular transaction, and an investment adviser must consider the full range and quality of a broker's services.

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 broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while WP will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### Broker Analysis

WP evaluates (as mentioned in "*The Custodian and the Broker We Use*") a wide range of criteria in seeking the most favorable price and market for the execution of transactions.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "*Research/Soft Dollars Benefits*" section immediately below). Accordingly, if WP determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

WP's Managing Members are responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, WP periodically reviews its transaction costs in light of current market circumstances and other relevant information.

#### Research/Soft Dollar Benefits

WP may utilize the services of multiple broker-dealers. While there is no direct linkage between the investment advice given to clients and WP's use of a broker-dealer, economic benefits are received by WP (e.g., benefits that WP does not pay for), which would not otherwise be received if WP did not direct client trades. Schwab may provide WP with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

This broker-dealer may also make available to WP other products and services that benefit WP, but may not benefit its clients' accounts. Some of these other products and services assist WP in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of WP's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of WP's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service.

This broker-dealer also provides WP with other services intended to help WP manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, this broker-dealer may make available, arrange and/or pay for these types of services to WP by independent third parties. This broker-dealer may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to WP.

While as a fiduciary WP endeavors to act in its clients' best interests, WP's recommendation that clients maintain their assets in accounts with Schwab may be based in part on the benefit to WP of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by this broker-dealer which may create a conflict of interest.

### **Directed Brokerage**

#### WP Directed Brokerage

WP does not have the discretionary authority to determine the broker-dealer to be used. As stated above, clients in need of brokerage will have Schwab recommended to them. While there is no direct linkage between the investment advice given and usage of this broker-dealer, economic benefits are received which would not be received if WP did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section directly above). WP does not participate in any transaction fees or commissions paid to the broker dealer/custodian, and it does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. WP is required to disclose that by directing brokerage, WP may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

#### Client Directed Brokerage

Certain clients may direct WP to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, WP is required to disclose that WP may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates WP might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

As a general rule, WP encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

## **Trade Aggregation/Allocation**

### Investment Management

It is the objective of WP to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, WP may often seek to purchase or sell a particular security in each account. WP will aggregate orders only when such aggregation is consistent with WP's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

### Financial Planning and Consulting

WP's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. WP may recommend any one of several brokers. WP clients must independently evaluate these brokers before opening an account. The factors considered by WP when making this recommendation are set forth above. WP's financial planning and consulting clients may use any broker or dealer of their choice.

## **Trade Errors**

From time-to-time WP may make an error in submitting a trade order on your behalf. When this occurs, WP may place a correcting trade with the broker-dealer which has custody of your accounts. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confirm with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, WP will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors results in both gains and losses in your account, they may be netted.

## **Item 13 Review of Accounts**

### **Investment Management Services**

#### Reviews

All accounts are reviewed periodically by Mr. Spangenberg or Mr. Philliber, the Managing Members of WP, for overall adherence with the investment philosophy employed by WP and any specific requirements of the client. The frequency of these reviews will also depend on the specific composition of the client's investment portfolio. All clients are advised that it remains their responsibility to advise WP of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues, investment objectives, and account performance with WP on an annual basis.



## Reports

WP will provide clients with a quarterly packet which includes a newsletter, a billing statement and information regarding the account's holdings, and performance. Clients are also provided with transaction confirmation notices and at least quarterly summary account statements directly from their broker-dealer/custodian. Clients are urged to carefully review the account statements provided by their broker-dealer/custodian.

## Item 14 Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services the broker makes available to us and other independent investment advisors whose clients maintain their accounts at either. These products and services, how they benefit us, and the related conflicts of interest are described above (see – *Brokerage Practices*). The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Therefore, WP does not receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

## Item 15 Custody

WP is deemed to have custody because WP deducts its fees directly from client accounts.

Custody of client assets will be maintained with the independent custodian selected by the client. WP will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize WP to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by WP.

### **Standing Letters of Authorization, Wire Transfer and/or Check-Writing Authority**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, or we may have signatory and check writing authority for client accounts, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers or to sign checks on a client's behalf has access to the client's assets, and therefore has custody of the client's assets in any related accounts. However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;

4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

## **Item 16 Investment Discretion**

For those client accounts over which WP has discretion, WP requests that it be provided with written authority (e.g., limited power of attorney contained in WP's Investment Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

WP generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. WP's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between WP and the client.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

WP does not vote proxies on behalf of its clients. Therefore, the client that maintains 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 proceeding or other type events pertaining to the client's investment assets. WP and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact Jennifer Cooney, Chief Compliance Officer of WP, at 415-777-2900 if they have questions regarding a particular solicitation.

### **Class Action Settlements**

Although WP may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **Item 18 Financial Information**

### **Prepayment of Fees**

WP does not require or accept prepayment of fees, therefore, we are not required to include a balance sheet with this disclosure brochure.

### **Financial Condition**

WP does not have any adverse financial conditions to disclose.

**Bankruptcy**

WP has never been the subject of a bankruptcy petition.

**Item 19 Requirements for State Registered Advisers**

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

**Item 20 Additional Information****Privacy Notice**

WP views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. WP does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, WP may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. WP restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for WP. As emphasized above, it has always been and will always be WP's policy never to sell information about current or former clients or their accounts to anyone. It is also WP's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of WP's Privacy Policy, please contact Jennifer Cooney, Chief Compliance Officer of WP, at 415-777-2900.

**Complaints**

Clients may contact Jennifer Cooney, Chief Compliance Officer of WP, at 415-777-2900 to submit a complaint. Written complaints should be sent to WP Advisors, LLC, 1225 4th Street, #317, San Francisco, CA, 94158.