



## **Firm Brochure** **(Part 2A of Form ADV)**

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**January 22, 2024**

This Brochure provides information about the qualifications and business practices of WE Family Offices, LLC ("WE"). If you have any questions about the contents of this Brochure, please contact us at [joe.dibartolo@wefamilyoffices.com](mailto:joe.dibartolo@wefamilyoffices.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

WE is a U.S. Securities & Exchange Commission-Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about WE is available on: our website at [www.wefamilyoffices.com](http://www.wefamilyoffices.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may request a copy of our Brochure by contacting Santiago Ulloa at [Santiago.ulloa@wefamilyoffices.com](mailto:Santiago.ulloa@wefamilyoffices.com).

## **Item 2 – Material Changes**

This Brochure dated January 22, 2024 amends our Form ADV Brochure dated April 14, 2023.

WE Family Offices moved their principal place of business from Miami, Florida to the new address below:

2811 Ponce de Leon Blvd, Suite 840  
Coral Gables, FL 33134

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## **Item 4 – Advisory Business**

### **Firm Description**

WE Family Offices is an award-winning, independent, client fee-only multi-family office. WE provides strategic wealth advice to more than one hundred ultra-high net worth client families with assets totaling more than \$14 billion. As a strategic wealth advisor, our goal is to empower our client families to be confident, competent and in control of their wealth. We are a committed advocate for our clients' long-term interests. WE has no financial interest in our clients' purchases or sales of particular financial or other products or services – our aim is to offer our clients advice about their wealth that is truly independent. Our core values are: Loyalty to Clients, Transparency, Passion to Serve, Professionalism, and Integrity.

The firm provides a range of family office services, including investment advice, to our client families. WE advises our client families based on the concept they should manage their financial and non-financial assets as a Wealth Enterprise. Our name, WE, is an abbreviation of Wealth Enterprise. In our experience, the minority of families who are able to successfully create, grow and enjoy their wealth in the present, and sustain their wealth across multiple generations, do so because they manage the family's wealth as a business enterprise. WE calls this style of management a Wealth Enterprise. Our independent family office advisory services are designed to help families successfully develop and manage their Wealth Enterprises. We are on our families' side, and no one else's.

### **Principal Owners of WE**

WE is an independent investment adviser registered with the U.S. Securities and Exchange Commission ("SEC")<sup>1</sup> and is organized as a limited liability company under the laws of the State of Florida.

WE Family Offices Holdings, LLC wholly owns WE Family Offices, LLC. Santiago Ulloa, Maria Elena Lagomasino and Michael Zeuner are the principals of WE Family Offices, LLC and, along with other partners in the firm, hold an ownership interest in WE Family Offices Holdings, LLC.

### **Type of Services**

WE provides boutique, customized family office services, including non-discretionary investment advice, to more than seventy ultra-high net worth families. Our family office

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<sup>1</sup> From June of 2000 until August 2007, the registered adviser firm was known as TBK Investments, Inc. Santiago Ulloa founded TBK Investments Inc. In August 2007, TBK Investments, Inc. was acquired by GenSpring Holdings Inc. and converted to a limited liability company named GenSpring International, LLC. Effective August 18, 2011, GenSpring International, LLC officially changed its name to GenSpring Family Offices International, LLC. As of January 4, 2013, the firm was acquired from GenSpring, established as an independent adviser firm with new ownership and control, and renamed WE Family Offices LLC.

advice and services are designed to make our clients confident and in control of the complexities of their wealth enterprises. WE empowers our client families to successfully manage their wealth enterprises by providing them with:

- Clearly communicated, actionable, and concise information, advice, and recommendations;
- Subject-matter expertise and support across wealth management disciplines, provided either in-house or through our network of providers;
- Access to high-quality investments and financial services;
- Coordination of clients' "ecosystems" of professional and financial service providers to ensure the family's advisors are focused on their goals; and
- Administrative capabilities to organize and manage the detail and complexity of UHNW-level wealth, including reporting at the enterprise level.

Our support and advocacy for wealthy families is founded on each of our client relationship team members' deep experience working at or with the world's largest financial institutions, which gives us the expertise to address our client families' overall wealth management needs.

WE provides our clients with information, advice and recommendations about matters including asset allocation; portfolio construction; financial planning - including family governance and succession planning; investment manager selection; service provider selection; service provider fee and expense negotiation; investment transaction verification; and consolidated asset and investment portfolio reporting. WE does not provide tax, legal or accounting advice. Each of our clients is served by a team led by a designated Advisor, and is supported by our in-house investment team, reconciliation group, other subject matter experts and consultants we have retained to provide us with client-support services, including investment advice.

As a non-discretionary investment adviser, WE does not have authority to make investment decisions for our clients. Our clients receive information, advice and recommendations from WE, but retain the authority and ultimate responsibility for all investment and investment-related decisions, including securities trades, decisions about particular asset allocations and portfolio composition, manager selection, and service provider selection.

In addition, WE does not have custody of our clients' assets. Clients select the custodians of their assets. WE may recommend a particular "global" or other custodian to our clients, at their request, but we do not receive any compensation from the custodian or its affiliates for such recommendations.

## **Overview of Services**

WE's investment advisory services consist primarily of: (1) assessing client needs and goals; (2) financial planning designed to meet those goals; (3) developing an appropriate portfolio asset allocation to achieve the client's objectives; (4) implementing the asset allocation by recommending or otherwise assisting in the client's selection of: (a) particular investment

strategies (i.e., active, passive, alternative strategies); and (b) specific investment managers or passive investment vehicles that employ those strategies; and (5) reviewing and reassessing the client's needs and goals, their investment portfolios, and repeating the process on a regular, ongoing basis.

Our investment advisory services begin with a comprehensive assessment of the client's financial and other circumstances to understand their needs and goals and their Wealth Enterprise. WE advises client portfolios in accordance with each client's investment objectives, typically taking into consideration factors such as the client's risk tolerance, time horizon, tax issues, estate planning, liquidity and cash flow needs, any client-specific restrictions or constraints, and other relevant information.

According to a client's needs and goals, WE develops and recommends an appropriate strategic portfolio asset allocation for the client. On a periodic basis, WE may recommend tactical changes in those allocations to take advantage of conditions in the current economic environment. These tactical asset allocation changes are typically short-term underweighting or overweighting (as compared with the strategic allocations) of a particular asset class or classes and are designed to capitalize on current economic or market trends and conditions. Depending on a particular client's needs and goals, or the nature of a particular tactical tilt, WE may or may not recommend a particular tactical change in that client's asset allocation.

WE also recommends investment strategies associated with Values-Aligned Investing which utilizes traditional financial measures as well as environmental, social and governance factors into the portfolio management process. It also places importance on both the financial return and the social and environmental impact of the portfolio. Our process begins with helping clients define a Values-Aligned strategy that incorporates the client's values as well as their overall financial objectives and then continues with portfolio diagnostics, selective sourcing, deep due diligence, portfolio implementation, continuous monitoring and finally, bespoke reporting. We also work with clients to align client values to their philanthropy through foundation investments and grant strategies.

To implement our recommended strategic and tactical asset allocations at the client portfolio level, WE typically recommends particular strategies in each of the portfolio's selected asset classes. To execute these strategies, WE recommends only unaffiliated, third-party investment managers, funds, and other investments that employ that strategy. Examples of the kinds of investments WE recommends executing a given strategy include, without limitation: mutual funds, exchange traded funds, limited partnerships such as hedge funds or private equity, or managed accounts.

To evaluate the managers and funds WE recommends to our clients, WE employs both quantitative and qualitative techniques to identify managers, funds and other investments that are well-suited to our client's investment and financial objectives. To support and supplement the analysis and expertise provided by our own Investment Research Group, WE has an agreement with an unaffiliated consultant investment adviser, LCG Associates, Inc., to provide us with asset allocation and investment manager selection information and advice.

To the extent a WE client decides to invest with a manager or in a particular fund, those managers and funds will have their own investment practices. Those investment practices are described in each manager or fund's Form ADV, or in its offering or other disclosure documents. In addition, selected money managers or funds typically have discretion to determine the type and amount of securities to be purchased or sold for the client for that portion of the client's assets managed by the money manager or fund.

WE does not receive compensation from, or have a sales interest in, any manager, fund or other investment we recommend.

(Please refer to Item 8 of this Brochure, below, for a more complete description of our investment advisory services)

### **Reporting Services**

WE also provides consolidated portfolio reporting services for our clients' Wealth Enterprises. Clients who request that the Firm report on their investments and assets receive a customized monthly "global" Consolidated Report. As a convenience to our clients, in addition to reporting on clients' financial assets, at a client's request, the client's Consolidated Report may also include certain non-financial assets (e.g., real assets). In such instances, WE relies on the client to provide current and accurate price or other valuation information for those assets to be included in the client's consolidated account report. WE does not independently verify, and expressly disclaims responsibility for, the accuracy of any non-financial asset values (including any portfolio performance including those values) clients provide to us to include in their reporting.

### **Coordination of Clients' Service Providers and Other Services**

Depending on the needs of each client, services we can provide include:

- helping clients coordinate and manage the range of service providers that provide services to them;
- helping clients decide which provider to use to execute particular transactions;
- transaction confirmation and review to ensure clients' investments were executed according to any agreed terms and pricing;
- investment pricing and transaction fee negotiation;
- helping clients work with their wealth planning and structuring professionals, in single or multiple jurisdictions; and
- advice about family governance and next-generation education.

### **Wrap Fee Programs**

WE does not participate in wrap fee programs.

## **Client Assets WE Manages**

WE provides investment advice to our clients only on a non-discretionary basis. As of December 31, 2022, client assets WE managed totaled \$12,056,434,282. This total includes client assets as to which WE has mandates to provide investment advice and family office services and includes clients' liquid and illiquid securities; cash and cash equivalents; and certain of their other assets, including any family operating company interests and real assets such as real estate.

In addition to these assets under management, WE has mandates to provide only consolidated reporting for an additional \$2,187,139,661 of assets, so that WE gives investment advice or consolidated reports on \$14,243,573,943 in client assets.

## **Item 5 – Fees and Compensation**

Our clients compensate us for our investment advice and other family office services by paying us advisory fees. WE does not receive any compensation based on the recommendation or sale of securities or other investment products – i.e., transaction-based compensation. Our advisory fees are generally payable quarterly, in arrears, for the prior quarter, upon our presentation of an invoice to the client. Our strong preference is for flat fee compensation arrangements, although a number of our clients, particularly our clients who signed agreements with one of our predecessor firms, pay us an annual wealth management fee based on a percentage of the value of the client's assets under advisement. See Item 6, below.

### **Ongoing Family Office Services Mandates**

The specific manner in which our clients with whom WE has ongoing family office services mandates are charged fees is established in a written agreement between each client and WE.

WE clients' fees are negotiated and determined based on factors such as the overall complexity of the client's financial affairs, the nature of the services provided, and other unique factors. Some WE clients' fees may differ from the fees in the schedule and range below.

WE's current flat fee guidelines are:

- 1) \$200,000 minimum fee;
- 2) \$250,000 to \$500,000 for clients with a net worth of \$50 million to \$250 million;
- 3) \$500,000 to \$700,000 for clients with a net worth of \$250 million to \$500 million;
- 4) \$700,000 to \$1,000,000 for clients with a net worth of \$500 million to \$1 billion; and
- 5) \$1,000,000 and more for clients with a net worth of \$1 billion or greater.



Our strong preference is for flat fee compensation arrangements; although, a number of our clients who signed agreements with one of our predecessor firms, pay us an annual wealth management fee based on a percentage of the value of the client's assets under advisement ("AUA Fees"). These fees typically have ranged from 0.45% to 1.50% of AUA, and generally decrease as a percentage of AUA as the AUA amount increases. To calculate a client's annual management fees based on the amount of AUA, WE relies on prices and asset values obtained from a third party wealth management platform – Addepar, Inc. sourced data and other third-party platforms (i.e. direct feeds) and non-direct feed data that may be obtained, but not limited to, one or more of: (1) Bloomberg financial information services; (2) reporting by money managers; (3) periodic account statements of custodians of client's assets; or (4) real asset values provided by a client.

Unless otherwise specified in a written investment advisory agreement, for accounts with advisory fees calculated as a percentage of AUA, WE adjusts the balance of a client's AUA that is subject to the percentage fee to account for each significant capital contribution and withdrawal made during the applicable calendar quarter. Asset pricing used in calculating a client's AUA is subject to the reasonable availability of current prices for their assets. For example, pricing for certain kinds of investments, such as private equity, is often available only significantly after a given date, such as a quarter- or year-end. In those instances, WE uses the most recent available pricing for the asset to calculate asset value-based client fees.

Our advisory agreements typically provide that accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days the services were provided during the quarter before termination or after formation. Upon termination of the advisory relationship between WE and a client, any accrued but unpaid wealth management fees will be due and payable.

### **Wealth Enterprise Diagnostic Services**

In addition to ongoing family office services mandates, WE also provides services pursuant to mandates from clients to perform a wealth diagnostic in return for a flat fee, which ranges from \$50,000 to \$100,000.

Our wealth diagnostic is a limited or project-based engagement in which we map out a client family's current wealth enterprise to develop a series of specific action steps for the family to address their specific current concerns, and better manage the enterprise over the short and long terms. The diagnostic process also enables a family to have a "trial run" of the benefits of engaging WE as their family office. The diagnostic is designed to provide a powerful set of data and insights into the family's current wealth picture, and focuses on the following activities:

- Creating a comprehensive map of your overall wealth enterprise that includes:
  - The family's assets & liabilities;
  - Current investment portfolio diagnostic (asset allocation, performance, manager quality, fees and expenses, etc.);

- Sources & uses of cash and a liquidity analysis;
  - Review of the ownership and decision-making rights in each family wealth structure;
  - Analysis of current wealth services providers (banks, brokers, asset managers, insurance, accountants, lawyers, etc.), and fees paid.
- Developing an initial set of strategic goals and objectives (i.e. what's important to the family) including an investment policy statement to help set the frame for decision-making and wealth management on an on-going basis;
  - Creating a plan for specific action based on the findings and implications of the diagnostic, including a proposal to engage WE to provide ongoing family office services that put the client in control of their wealth.

These diagnostic mandates are performed pursuant to a letter agreement with the client specifying the scope of the services to be provided, the deliverables, and the term of the project, which is typically three months.

### **Clients Also Pay Fees Charged by Their Third-Party Service Providers**

WE's advisory fees do not include any fees charged to clients by brokers, money managers, and other third-party service providers our clients use. These and other providers' charges are not included in WE's advisory fees and are borne separately by the client, to the extent incurred. WE does not receive any portion of these third-party charges, fees, commissions, and costs from unaffiliated advisers or other third-party service providers.

These third-party charges include but are not limited to: fees charged by money managers that provide services to the client; the underlying fees and expenses associated with an investment in mutual funds, exchange traded funds, or alternative investments; charges imposed by custodians or brokers, such as commissions, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and custodian accounts.

Fees charged to WE clients by other advisers and managers depend on several factors, including the size of investment, trading strategy, and degree of risk. Third-party managers' fees generally range from 0.10% to 5.00% of assets per annum. In addition, some managers may charge performance fees of 20% or more on realized or unrealized gains in their portfolio. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus or other disclosure documents.

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

Pursuant to the terms of our investment advisory agreement requested by one client, WE is compensated for our advisory services based on a share of the overall account performance

of all or a portion of client assets we advise on (an “incentive fee”). The terms of this incentive fee are based on a negotiated arrangement with the client.

Where the client and WE agree to a performance or incentive fee arrangement, WE expects that, in addition to the performance fee, the client will also pay “base fees” calculated either as a flat fee or based on the market value of the client’s AUA.

WE only may enter into incentive-fee arrangements only if requested by the client and the client meets the definition of a qualified client under Rule 205-3(d)(1), promulgated under the Investment Advisers Act of 1940, as amended (“Advisers Act”). WE will structure performance or incentive fee arrangements subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3(d).

Our strong preference is for flat fee compensation arrangements because incentive-based fee arrangements creates conflicts of interest where WE can potentially receive higher fees from accounts with a performance-based compensation structure than from those accounts that pay solely a flat or an asset-based fee, as described in Item 5, above. For example, to earn a higher fee by increasing the performance of the portfolio of a client who pays a performance-based fee, WE could recommend riskier investments to the client to boost performance of the client’s portfolio, which would result in higher compensation to WE.

WE does the following to manage conflicts of interest posed by incentive fee arrangements: (1) an incentive-fee arrangement occurs only when requested by the client; (2) the client determines and agrees with WE upon the methodology to calculate an annual performance fee, usually at the inception of the client agreement, and details of the calculation of any performance fee are included in the client’s written advisory agreement with WE; and (3) WE and the client have agreed to a “cap” of the fee which provides that no incremental portfolio performance above a specified percentage will be subject to any performance fee.

## **Item 7 – Types of Clients**

WE provides, among other family office services, investment advisory services to high net worth and ultra-high net worth families.

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

WE uses a variety of methods of analysis and investment strategies to provide investment advisory services to its clients, as set forth in the summary below:

### **Methods of Analysis & Investment Strategies**

Asset Allocation Advice. Asset allocation advice WE provides to our clients is based on a number of factors. These factors typically include: the client’s investment objectives, risk tolerances, asset class preferences, time horizons, liquidity needs, expected returns, and an

assessment of current economic and market views expressed by economists, analysts, banks, and securities firms. The client's WE Advisor will work with the Client to determine a client's investment profile, goals and any unique preferences and will prepare for the Client's review an appropriate proposed asset allocation plan based on that discussion. Our goal is to recommend a strategic asset allocation with an appropriate balance of expected risk and expected return, according to the client's expressed needs and goals.

In developing our asset allocation recommendations, WE typically uses certain risk, return and correlation assumptions – some of which are provided to us by a consultant - to assess the expected risk and expected return of different asset mixes over a variety of market environments. WE recommends a particular asset allocation that reflects our clients' preferences and goals regarding the balance of expected risk and expected return, most often focused on returns over the long-term.

Our recommended asset allocations generally are based on forecasted risk and forecasted return characteristics of various asset mixes, including expected volatility and correlation of returns, and liquidity. In turn, each of these characteristics is based on underlying assumptions that are periodically updated and may be reassessed at the time such assumptions are updated. This process allows us to arrive at allocations which we believe reasonably project the impact of various market environments on the results sought by clients. However, much of this analysis is based on long-term forward-looking assumptions or expectations, and there is no guarantee that these forward- looking assumptions or expectations – or the client's investment goals - will be realized.

Generally, we provide advice and recommendations to our clients at the portfolio asset allocation, asset class, and money manager level, and not with respect to individual company securities such as individual stocks and bonds.

Strategy Advice. Based on our recommended asset allocation, WE also recommends exposure to different types of investment strategies within each asset class in the allocation, such as a recommended mix of active and passive, value and growth, and large mid-, and small-cap strategies. These recommendations are based on the client's profile, objectives and expressed preferences (*e.g.*, risk, expected returns, any expected marginal value of active management, and fees and expenses).

WE develops and proposes investment strategies for each client which attempt to achieve diversification by investing across asset classes, within asset classes, across various investment styles, and across global markets. WE generally advises clients to select among a wide variety of active and passive strategies, paying attention to the costs and risks contributed by these strategies.

Manager Review, Search and Selection. Our research team considers various investment managers including, as appropriate, their strategies, levels of service, fees and past performance. Generally, we review a mixture of quantitative and qualitative information and analysis to review managers' organizational stability, investment processes, and historical performance.

The qualitative factors WE uses to evaluate third-party money managers typically include performance record, philosophy, the continuity of management, services to clients, reputation, minimum dollar investment requirement, and fees. Information with respect to money managers (e.g., performance figures, investment style, etc.) will be obtained by WE from the managers themselves, our consultants, tracking organizations, business publications, or other sources. WE may also consider other criteria including, without limitation, administrative, compliance, recordkeeping, and other information provided by a money manager. WE provides recommendations to our clients to add, remove or replace investment managers. WE has an agreement with an independent consultant investment adviser, LCG Associates, Inc., to assist WE's Investment Team and provide us with investment manager and fund selection information and advice.

We maintain an "approved" list of investment managers, including but not limited to, mutual funds, separate account managers, hedge funds and private partnerships. These approved managers have been subjected to our research and evaluation process and have been reviewed and approved by our internal investment committee. The investment committee is composed of some of the most senior investment professionals in the firm and is chaired by Santiago Ulloa, WE's Chief Investment Officer.

Factors that may be considered in our research and evaluation of an investment manager are investment style, philosophy, and process; quantitative measures including risk, return, Sharpe ratio correlation, upside and downside capture; qualitative measures include firm history, pedigree, experience, trading policies, operations and compliance. These processes typically include phone calls and/or personal or video conference meetings with the managers, review of due diligence questionnaires and other documentation where available.

We monitor the WE-approved managers on a regular basis, evaluating performance versus appropriate benchmarks, peer rankings and risk characteristics as well as organizational changes, asset flows and expenses.

A number of financial institutions typically have custody of our client's assets. Frequently, these financial institutions are not able to implement WE's approved manager or fund recommendations because they do not transact investments in the particular manager or fund, WE recommends. Such implementation constraints often are due to the institution's favoring its proprietary or affiliated managers or funds, or due to exclusive sales or distribution agreements the institution has with third-party managers and funds. In this regard, WE will review, generally at the client's request, the other investment options available at such institutions in order to implement the specific asset allocation plan and strategy we recommend to the client. WE will evaluate the manager and fund options available at our clients' custodial financial institutions based on information the client or custodian institution provides to us, or that is reasonably available to us.

In these circumstances, direction by a client to help them select a manager or fund that is not WE-approved that is available through a client's financial institution -e.g., broker-dealer, private bank, or custodian - may result in higher costs, less favorable investments, or

underperforming investments than might be the case if the client selected the WE recommended manager or fund. In addition, the scope and nature of the research and evaluation WE performs on a client's custodian's available managers and funds, i.e., Constrained Strategies, is more limited than for WE approved managers and strategies (unless WE expressly undertakes to perform our customary diligence on a Constrained Strategy), in part because of the lack of available comprehensive independent analysis of those particular strategies. Accordingly, with respect to such Constrained Strategies, WE and the client, who has the investment discretion, rely primarily or solely on the financial institutions' diligence and evaluation process leading to a particular institution's recommending the manager or fund to its clients and customers.

**Risk of Loss.** Investing in securities involves risk of loss that clients should be prepared to bear. All investments carry risk of loss and there is no guarantee that any investment strategy will meet its objective. Depending on the type of security, your account may face the following investment risks:

**Other Funds.** WE may recommend a variety of types of funds to our clients (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds) (collectively, "Other Funds and Managers"). An investment in such Other Funds and Managers may present risks peculiar to the particular investment vehicle, such as: long-term illiquidity, redemption notice periods or other restrictions on redemptions, capital calls, or periodic taxable income distribution. Please carefully review these Other Funds and Managers' offering and disclosure documents to better identify and understand such risks.

**Management Risk.** When an investment adviser provides tailored investment advice to clients based on its investment skills and analytical abilities, there is a chance that such investment advice will not be successful or will not meet expectations and that subjective decisions made in good faith by such investment adviser may cause a client to incur losses or to miss profit opportunities.

**Asset Allocation Risk.** Asset allocation risk is the risk that an investment adviser may allocate or recommend the allocation of a client's assets to an asset class or mandate that underperforms other asset classes or mandates. For example, fixed-income securities may underperform equities at times, and at other times, equities may underperform fixed-income securities. In addition, some asset classes may be less liquid or provide less protection against various risks than other asset classes.

**Investment and Market Risk.** All investment decisions and recommendations are subject to investment risk, including the possibility that one could lose his or her entire principal amount. A decision or recommendation to invest in a particular manager or strategy also may involve market risk, which is the risk that the value of any investment or allocation, like other market investments, may move up or down, sometimes rapidly, unpredictably and possibly outside the range of expectations based on the historical performance of that type of investment.

Information Risk. When investment advice is based on information received from investment managers and/or other third parties, there is a chance that such information may be materially inaccurate or misleading. In this regard, WE may rely on the accuracy and completeness of the information provided by managers or other third parties. For example, WE will not conduct a forensic audit of the investment managers or funds WE recommends. In addition, given that fraud by its nature involves concealment, WE may not be able to detect an ongoing fraud perpetrated by an investment manager or securities issuer.

Interest rate risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Inflation risk. The impact of inflation will erode purchasing power over time.

Currency risk. Non-U.S. dollar investments will be subject to the fluctuations in the value of the dollar against foreign currencies, which is also referred to as exchange rate risk.

Reinvestment risk. This risk is presented when future investments have to be re-invested at lower rates of return. This typically occurs with fixed income securities and when capital market expectations are lowered.

Business risk. These risks are associated with a particular industry or a company within an industry. The performance of the company and/or the industry may carry a higher risk due to potential reversals in profitability.

Foreign and emerging market security risks. Investments in securities in foreign markets involve different risks than those risks affecting U.S. issuers. These risks can include the following: limited public financial information, less local government supervision and regulation of securities and exchanges, higher brokerage commissions to execute trades, different income taxation requirements, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

Diversification risk. Portfolios with investments concentrated in one or a few issuers, industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility and risk of loss relative to the market as a whole.

Equity Risk. Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks

may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

Generally, WE will seek to avoid recommending our clients have exposure to the risk of an initial public offering. Such investments may pose a significant risk but have the potential for significant returns.

Economic Risk. The success of client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances. These factors may affect the volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

Extraordinary Events. Global terrorist activity and armed conflicts may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Fixed Income Risks. Investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect their price (i.e., value). These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, and large sales by major investors, default, or other factors. Developments in the credit markets may have a substantial impact on the companies our clients may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Increased Regulations. Events and adverse financial results following from the Great Recession have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Regulations could adversely impact profit potential in some of the strategies WE recommends. Please consult each manager, fund, or other investment's prospectus or offering materials to identify and better understand such risks.

Market Liquidity Risks. The value of securities held in client accounts and that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in general. Market disruptions such as those that occurred in 1987, September 2001, 2007-08, the Flash Crash in 2010 and 2020 due to the COVID-19 pandemic could lead to violent price swings in securities held within client portfolios and could result in substantial losses.



Small Capitalization Companies. A certain portion of a client's assets may be invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios.

Large Company Risk. Large cap stocks can perform differently from other segments of the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

Short Sales, Leverage and Derivatives. Short sales, leverage and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investments suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a "short squeeze" that could lead to accelerating losses for those short that particular security. Certain managers, funds or other investments WE may recommend to clients may be subject to such risk. Please consult the relevant manager or fund's prospectus or offering materials for more information about such risks to your investments.

Illiquidity Risk. Alternative investments such as private equity and hedge funds involve restrictions on liquidity, sometimes for periods of more than ten years, or even indefinitely. This risk increases as the amount of illiquid investments - i.e., hedge funds, private equity, or direct investments - in a portfolio increase. It also increases as a client's cash flow needs or their actual and potential portfolio liquidity needs increase. In addition to liquidity risk, these vehicles also carry additional potential risks, including the following:

Transparency Risk. WE and our clients who invest in private funds may be limited in their ability to monitor the investment activities of private funds. Private fund managers often limit the information that they disseminate regarding individual fund investments and are not subject to the same reporting standards applicable to funds that are registered with the applicable regulatory authorities.

Valuation Risk. WE and private fund investors rely upon the fund's managers and/or administrators to private funds to provide accurate valuation information pertaining to clients' capital balances. As noted above, investors and WE generally have limited information regarding the holdings of the private funds in which client accounts are invested and is normally unable to independently verify or scrutinize valuations provided by the administrators or managers to these private funds.

Lack of Regulatory Oversight. Private funds typically operate under one or more exemptions from registration with the applicable regulatory authorities. Additionally, the investment managers to private funds may also be exempted from registration with the applicable regulatory authorities. Accordingly, private funds and their managers are often subject to little, if any, direct scrutiny from any regulatory authority.

Return of Balances Previously Distributed. Under extraordinary circumstances, following a distribution from a private fund, the client may be required to return all or a portion of the proceeds it received from the private fund to such private fund. For instance, if the private fund later determines that its net asset value was previously misstated, a client may be required to return the applicable portion of the distributed proceeds to the extent required by applicable law or the private fund's organizational or offering documents. Other circumstances, such as indemnification obligations, could also require a client to return the proceeds to a private fund.

ESG Investing and Risks. An additional level of scrutiny is added to Values-Aligned Investing strategies which includes Environmental, Social, and Governance ("ESG") investing and may be referred to in many different ways, such as sustainable investing, socially responsible investing, and impact investing. Investment recommendations are generally screened by managers using ESG criteria through various sources that are available to the managers. The purpose of the screening is to seek an additional level of risk management and long-term value by investing in companies that provide a positive impact in the world and avoid companies that don't take responsibility and care of all stakeholders including shareholders, communities, environment, and the supply chain. ESG screening has risks including that it may not encompass all environmental, social or governance issues and that such an approach may not lead to greater portfolio performance. "ESG Investing" is not defined in US federal securities laws, may be subjective, and may be defined in different ways by different managers, advisers, or investors. There is no SEC "rating" or "score" of ESG investments that could be applied across a broad range of companies and investment funds or products, and while many different private ratings based on different ESG factors exist, they often differ significantly from each other. Different managers may weight environmental, social, and governance factors differently. Some of the data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle but are not verified or reliable. A manager's ESG practices may significantly influence performance. Because securities may be included or excluded in a portfolio based on ESG factors rather than traditional fundamental analysis or other investment methodologies, an account's performance may differ (either higher or lower) from the overall market or comparable accounts that do not employ similar ESG practices. Some mutual funds or ETFs that consider ESG may have different expense ratios than other funds that do not consider ESG factors. Paying more in expenses will reduce the value of your investment over time. ESG investing also incurs risk with regards to regulatory events such as new or changed regulations U.S. and foreign governments, differentiating regulations among different states and companies that could be subject to lawsuits and litigations. Such events could significantly alter portfolio investments.

Pandemic Risk. In the year 2020 due to the Covid-19 pandemic, the global financial markets have gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention and regulations. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and affecting market participants' ability to continue to recommend and/or implement certain strategies or manage the risk of their client positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments

have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets, as well as previously successful investment strategies. WE's clients may have incurred losses due to disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions may from time to time cause dramatic losses for WE's clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WE or the integrity of WE's advice. WE has no such information to disclose.

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

WE has an ownership interest in Wren Investment Office Limited (“Wren”), a United Kingdom-based investment adviser firm headquartered in London. Wren is authorized and regulated by the United Kingdom's Financial Conduct Authority.

### **Broker Dealer**

No employees are currently registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **Futures Commission Merchants, Commodity Pool Operator or Commodity Trading Advisor**

Neither WE nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

## **Item 11 – Code of Ethics**

Pursuant to Rule 204A-1 promulgated under the Adviser's Act, WE has adopted a written Code of Ethics (“Code”) that sets forth standards of conduct and federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. Employees are required to report all Code violations to the Chief Compliance Officer. Code violations may result in disciplinary action or dismissal.

WE will provide a copy of the Code to any client or prospective client upon request.

## **Participation or Interest in Client Transactions**

Certain officers, members, and employees of WE ("Related Person"), as well as certain of their relatives, are also clients of WE. WE may recommend to clients, among other things, securities which WE's Related Persons also own or intend to purchase or sell. From time to time, WE's Related Persons may purchase for themselves securities or other investments which one or more clients own, previously owned, or will own in the future. WE's Related Persons will not knowingly be a counterparty to any purchase or sale of securities from or to any client (including another Related Person). There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a client, subject to the overriding principle that the interests of clients must come before the interests of WE or its Related Persons.

WE makes available to its employees a 401(k)-retirement plan that includes investment options, such as mutual fund shares (predominantly Vanguard funds), or other strategies which WE may also recommend to clients. Our Related Persons' personal trading in the retirement plan, like all personal trading by such persons, is subject to SEC regulation-based restrictions and reporting as provided in WE's personal securities trading code, summarized below.

Certain Related Persons of WE are permitted to, and do, buy or sell securities in transactions not involving a client as a counterparty, including private placements, that WE recommends to our non-Related Persons clients. Related Persons of WE do not buy or sell such securities on more favorable terms than our clients, so the firm's view is that it is aligned, rather than conflicted with, clients who make similar investments.

To help ensure these situations do not present a potential conflict of interest between WE's Related Persons and our clients, WE has adopted procedures relating to personal securities transactions and insider trading, both of which are described below, that are designed to prevent actual conflicts of interest.

## **Restrictions on Personal Securities Transactions**

To address conflicts of interest that may arise from the personal trading of WE's employees, WE has determined which of its personnel are "Access Persons." As required by Advisers Act Rule 204A-1, Access Persons must report to the Chief Compliance Officer their securities holdings annually and their securities transactions quarterly, subject to limited exceptions. Our Access Persons must also obtain pre-approval from the Chief Compliance Officer or another designee to make certain investments, such as investments in private placements and initial public offerings.

## **Insider Trading Policy**

WE may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, WE may be prohibited from improperly disclosing

or using such information for its personal benefit or for the benefit of any other person, regardless of whether such other person is a client to whom WE owes a fiduciary duty. Accordingly, should WE come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for, the benefit of clients. Further, WE shall have no obligation or responsibility to disclose such information to, nor responsibility to use such information for, the benefit of clients when following policies and procedures designed to comply with law.

WE's Code of Ethics also contains a policy "Statement on Insider Trading," adopted in accordance with Advisers Act Section 204A, which establishes a restricted list of securities and procedures to prevent the misuse of material nonpublic information by supervised persons. Supervised persons are prohibited from trading a security on the restricted list, either personally or on behalf of others, and while in possession of material nonpublic information about that security, in violation of the law. Any supervised person who fails to observe the aforementioned policies risks serious sanctions, including dismissal and personal criminal and/or civil legal liability.

WE may advise, simultaneously, two different clients' accounts with substantially the same holdings and similar objectives, but which do not pay the same amount of fees to WE. WE may provide different and even, under certain circumstances, opposite, investment advice to different clients.

## **Item 12 – Brokerage Practices**

In general, our clients select their own custodians – i.e., private banks, broker-dealers, or other qualified custodians. At a client's request, WE can recommend a custodian to a client. Our recommendation typically will be for the client to utilize a global custodian with favorable pricing and an open architecture. WE is not affiliated with any brokers, dealers, banks, or custodians. WE does not receive any compensation for such recommendations.

With regard to our clients' securities trades, our clients retain investment discretion, which means that WE does not have the authority to determine for the clients' account the securities to be bought or sold, the amount of securities to be bought or sold, or to select the broker or dealer to be used or the commissions paid.

In some cases, WE recommends certain investment managers to handle the day-to-day investment of client accounts. WE is not affiliated with any investment managers, other than its UK affiliate, Wren Investment Office Ltd. To the extent that investment managers recommended by WE purchase securities from other broker-dealers on which brokerage commissions or sales loads are charged, WE relies upon the fiduciary responsibility of each of those investment managers to its clients to review such charges regularly and continuously based on comparative standards that it may regard as pertinent for the purpose of evaluating the reasonableness of such commissions.

In some cases, at a client's request, WE negotiates on behalf of a client, fees and charges the client pays for brokerage, custody and manager's services.

### **"Soft Dollar" or Research/Execution Policy**

WE does not pay for any research, research-related products, or other brokerage services on a soft-dollar basis and maintains no soft-dollar arrangement with any custodian or broker-dealer. However, WE may receive unsolicited research and other investment or market-related information that does not increase the cost of trading for its clients. WE does not track the extent to which any client's choice of custodian or brokerage services provider may have resulted in WE's receipt of incidental research information from any particular custodian(s) or brokerage firm(s). WE does not recommend particular custodians or brokers to clients to receive such unsolicited research or other information.

As part of our services, WE recommends that clients invest with certain unaffiliated money managers and funds. Such managers or funds may utilize soft dollars and may have soft-dollar arrangements and "soft dollar" policies that differ from WE's practices. Please see the other managers' and funds' Forms ADV, or other disclosure documents, for further relevant information.

### **Item 13 – Review of Accounts**

In general, given the comprehensive suite of strategic wealth advisory services our client agreements provide for, WE is in regular contact to advise our clients. In addition to this ongoing interaction, WE-advised client accounts undergo a comprehensive review on at least an annual basis, and our Advisors typically meet at least quarterly with each client to review their portfolio. The annual comprehensive review is conducted by the client's Advisor in conjunction with the supporting member(s) of the client's service team, other specialists at the firm, and senior firm management.

WE's Consolidated Reports are not intended to replace the statements provided by a client's custodian(s) or broker(s), which should be considered a client's official record for all pertinent account information. WE's Reports are directly derived from our clients' custodians' statements, and pricing data obtained from pricing services, asset managers or, in certain instances, from the client, but are presented in a different format and may vary in content and scope. While WE believes the figures reported in our monthly consolidated client account statements are accurate, the custodians' statements are the official record of the holdings and values of the assets contained therein, and the client should treat those statements as such.

### **Item 14 – Client Referrals and Other Compensation**

WE has, pursuant to agreements with MdF Family Partners, a Spanish multi-family office, a provision to share fees paid by certain referred or jointly sourced clients. WE has paid and received client fees pursuant to these agreements. WE is not currently party to other

solicitation or referral agreements with any other third-party individuals, financial intermediaries, or others. But the firm does not have a policy against entering other such agreements and may do so from time to time. The agreements with MdF and any other referral agreement shall require that WE comply with applicable regulations regarding referrals, testimonials or fee sharing. In addition, referral, fee sharing, or other payments by WE related to client acquisition shall not increase the fees paid to WE by the particular client(s).

## **Item 15 – Custody**

WE does not take custody of any client assets, is not a qualified custodian, and does not provide custodial services to its clients. Clients select banks or registered broker-dealers to provide custody of their assets. In some instances, WE recommends a particular custodian to clients, but WE does not receive any compensation from the custodian or its affiliates for doing so.

Clients should receive monthly, quarterly or other periodic statements directly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's financial assets. WE urges clients to review such statements and compare such official custodial records to the Consolidated Account Report that WE provides to clients monthly, in most cases. Our reports are, at least in significant part, directly derived from the client's custodians' statements but may vary from the custodial statements in format, content and scope. As noted above in item 13, the client's custodians' statements are their official record of the holdings and values of the assets contained therein.

## **Item 16 – Investment Discretion**

WE serves solely as a non-discretionary investment adviser to our clients' accounts. In that role, the firm is engaged to, among other things, make investment recommendations to its clients. However, as a non-discretionary investment adviser, WE does not have authority to make decisions as to whether a particular security is purchased or sold in a client's account. That decision, i.e., discretion, remains with the client.

In addition, once a client decides to act on WE's recommendation, WE does not have authority to directly execute trades on behalf of the client. However, in many cases, WE facilitates the administrative aspects of executing our clients' securities transactions. For example, if a client decides to execute a trade for their account, WE will often prepare a trade instruction and provide it to the client, including the relevant trade-related information and instructions. The client then reviews the details of and signs the trade communication to authorize the trade (i.e., exercises their investment discretion).

- In some cases, the client signs the trade instructions and sends it directly to their respective bank, broker, dealer or other qualified custodian for execution.

- In other cases, the client signs and sends the executed trade instruction to WE. WE then forwards, at the client's direction, the client's signed trade instruction to the client's respective bank, broker, dealer or other qualified custodian for execution.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, WE does not have any authority to and does not vote proxies on behalf of our advisory clients. Clients retain the responsibility for voting proxies for any and all securities maintained in client portfolios. WE may provide information and advice to clients regarding the clients' voting of proxies upon the client's request, but clients retain the responsibility for voting their proxy.

## **Item 18 – Financial Information**

WE does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. WE has not been the subject of a bankruptcy proceeding in the past ten years.

WE does not have discretionary authority over, or custody of, client funds. WE is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

## **Other**

WE is proud to subscribe to the Institute for the Fiduciary Standard's *Best Practices: Professional Conduct Standards*. Copies of, and additional information about, the Institute and the Best Practices are available at:

<http://www.thefiduciaryinstitute.org/wp-content/uploads/2017/03/BestPracticesMarch152017.pdf>