



**Wisdom**  
FINANCIAL SERVICES LLC

**Wisdom Financial Services, L.L.C.**

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**January 22, 2024**

**FORM ADV PART 2A.  
BROCHURE**

This brochure provides information about the qualifications and business practices of Wisdom Financial Services, L.L.C. ("Wisdom"). If you have any questions about the contents of this brochure, please contact us at 309-944-1117. 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.

Additional information about Wisdom Financial Services, L.L.C. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Wisdom Financial Services, L.L.C. is 127385.

Wisdom Financial Services, L.L.C. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2: Material Changes

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Since the last annual filing of the Form ADV Part 2A, dated March 2, 2022, the following material change has occurred:

- Item 5: The advisory fee for investment management services range of \$0 - \$500,000 has been updated from 0.81% to 0.80%.
- Item 5: We no longer charge a fee for the MRI service.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

Wisdom Financial Services, L.L.C. is a registered investment adviser with the U.S. Securities and Exchange Commission. The following individuals are shareholders in Wisdom: Gregory A. Heaton, CRD Number 2789066, John W. Bean, CRD Number 4594454, James H. Nash, CRD Number 4677495, Robert H. Nash, CRD Number 4677497, Curtis J. Ford, CRD Number 4677498, Justin Heaton, CRD Number 5918819, and Michael Wiegand, CRD Number 5574198. Wisdom is not publicly owned or traded. There are no indirect owners of Wisdom or intermediaries who have any ownership interest in Wisdom other than what has been disclosed above. Wisdom provides advisory services to clients on an individualized basis. Wisdom does not participate in wrap programs. As of December 31, 2023, Wisdom manages \$578,239,236 on a discretionary basis and \$201,671 on a non-discretionary basis.

## **Investment Management Services**

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure. We utilize Matson Money, Inc. ("Matson Money") as a sub-adviser to provide investment management services to our clients.

Wisdom acts as a solicitor, pursuant to SEC Regulation Section 275.206.4-1, and has entered into a solicitor's agreement with Matson Money, unaffiliated investment adviser firm and brokerage firm and shall receive a solicitor's fee from Matson Money as a result of having referred advisory clients. Matson Money, which in turn will employ its abundant technologies program to asset management activities. Portfolio management clients will compensate Matson Money for such asset management services and one hundred (100%) percent of asset management fees shall then be forwarded by Matson Money to Wisdom. Matson Money is compensated through the management expenses paid by the mutual funds in which they invest.

## MRI

Additionally, Wisdom can also perform a portfolio “MRI” service. Magnetic resonance imaging (MRI): An analogy used to describe looking deeply into the holdings of a client’s portfolio during analysis. It’s an independent third-party analysis run through Matson Money’s software using Morningstar’s data program. At the completion of the analysis, the client receives a detailed report.

## Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon a client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

# Item 5: Fees and Compensation

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## Investment Advisory Services

The standard advisory fee is based on the market value of the account and is calculated as follows:

Account Value	Annual Advisory Fee
<b>\$0 - \$500,000</b>	0.80%
<b>\$500,001 - \$1,000,000</b>	0.46%
<b>\$1,000,001 - \$4,000,000</b>	0.36%
<b>\$4,000,001 and Above</b>	0.21%

The annual fees are negotiable and are pro-rated and paid in advance on a quarterly basis and deducted by Matson Money. Matson Money is compensated through management fees charged by the mutual funds in which you are invested.

## Other Types of Fees and Expenses

When implementing an investment recommendation, the client may incur additional fees such as brokerage commissions, transaction fees, and other related costs and expenses. Clients may incur certain charges imposed by broker-dealers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer, nor accept, performance-based fees.

## Item 7: Types of Clients

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Individuals, pension plans, and profit-sharing plans. Wisdom currently does not have a minimum account size requirement.

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

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Method of securities analysis 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's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. 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.

Wisdom refers clients to Matson Money, Inc., a third-party investment manager ("outside managers"). Our analysis of outside managers involves the examination of the experience, expertise, investment philosophies, and past performance of the outside managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Wisdom monitors the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, Wisdom surveys the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as Wisdom does not control the underlying investments in an outside manager's portfolio. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as Wisdom does not control the manager's daily business and compliance operations, Wisdom may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## Material Risks Involved

**All investing strategies involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** 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.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

Wisdom and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Wisdom and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

Wisdom and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Wisdom or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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No Wisdom employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Wisdom employee is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Associates of Wisdom are licensed to sell life insurance products. As a result of such sales activities, there is a conflict of interest. Wisdom resolves this conflict of interest by its fulfillment of its fiduciary obligation to clients, by acting in its Client's best interest whenever a life insurance product is recommended.



Mr. Gregory Heaton is the sole proprietor of Greg Heaton Agency, an insurance company. No Wisdom Financial client is obligated to purchase insurance products from Greg Heaton Agency and conversely, no clients of Greg Heaton are obligated to use the advisory services provided by Wisdom.

Associates of Wisdom are practicing attorneys in the state of Illinois and Iowa. When a client or potential client has a need for legal work, Wisdom may recommend their law firms. Clients will receive a disclosure stating the affiliation between Wisdom and the law firm, and are not obligated to utilize the law firm.

Associates of Wisdom are Certified Public Accountants. Accounting services provided by their respective accounting firm and are separate and distinct from our advisory services and are provided for separately and require typical compensation. There are no referral fee arrangements between our firms for these recommendations. No client is obligated to use them for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. Their accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

### **Recommendations or Selections of Other Investment Advisers**

As referenced in Item 4 of this brochure, Wisdom acts as a solicitor to Matson Money and utilizes Matson Money to manage client accounts. In such circumstances, Wisdom will receive the investment adviser's asset management fee. This situation creates a conflict of interest. However, when selecting another investment adviser, the client's best interest and suitability of the other investment advisers will be the main determining factors of Wisdom. This relationship is disclosed to the client at the commencement of the advisory relationship.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc. and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

In the unlikely event that the interests of the applicant's account would happen to correspond with an advisory client's interests, full disclosure would be made to such client at once.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its “related persons” do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients.

## **Trading Securities At/Around the Same Time as Client’s Securities**

Because our firm and its “related persons” do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients, we do not trade in securities at or around the same time as clients.

## **Investment Advice Relating to Retirement Accounts**

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.
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

# Item 12: Brokerage Practices

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## **Factors Used to Select Custodians and/or Broker-Dealers**

Wisdom does not have any affiliation with Broker-Dealers And does not recommend broker-dealers.

### **1. Research and Other Soft-Dollar Benefits**

Wisdom currently does not receive soft dollar benefits.

### **2. Brokerage for Client Referrals**

Wisdom receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Clients Directing Which Broker/Dealer/Custodian to Use**

Wisdom does not recommend a specific custodian for clients to use.

## **Aggregating (Block) Trading for Multiple Client Accounts**

Please refer to Matson Money, Inc.'s Form ADV Part 2A, Item 12, for their trading practices.

# Item 13: Review of Accounts

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Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Gregory Heaton, Managing Member and CCO. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Wisdom does written reports to Investment Management clients as part of their review.

# Item 14: Client Referrals and Other Compensation

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Wisdom has entered into written arrangements with third-parties to act as solicitor for other investment advisers. Before referring to a third party, Wisdom will ensure the third party is properly licensed prior to the engagement. All compensation with respect to the foregoing will be fully disclosed to each Client to the extent required by applicable law. Other than the solicitor activity, Wisdom does not accept any other

form of compensation from parties other than its clients. Wisdom does not directly or indirectly compensate outside parties.

## Item 15: Custody

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Wisdom does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

## Item 16: Investment Discretion

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For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to the hiring or firing of sub-advisers. Discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will grant our firm manager selection over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

## Item 17: Voting Client Securities

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Wisdom does not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure. In most cases, you will receive proxy materials directly from the account custodian. However, in the event Wisdom were to receive any written or electronic proxy materials, Wisdom would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, Wisdom would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. Wisdom has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and Wisdom has not been the subject of a bankruptcy proceeding.

Wisdom does not have custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.

# Privacy Notice

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We recognize the importance of protecting our clients' privacy. We have policies to maintain the confidentiality and security of your nonpublic personal information. The following is designed to help you understand what information we collect from you and how we use that information to serve your account.

## **Categories of Information We May Collect**

In the normal course of business, we may collect the following types of information:

- Information you provide in the subscription documents and other forms (including name, address, social security number, date of birth, income and other financial-related information); and
- Data about your transactions with us (such as the types of investments you have made and your account status).

## **How We Use Your Information That We Collect**

Any and all nonpublic personal information that we receive with respect to our clients who are natural persons is not shared with nonaffiliated third parties which are not service providers to us without prior notice to, and consent of, such clients, unless otherwise required by law. In the normal course of business, we may disclose the kinds of nonpublic personal information listed above to nonaffiliated third-party service providers involved in servicing and administering products and services on our behalf. Our service providers include, but are not limited to, our administrator, our auditors and our legal advisor. Additionally, we may disclose such nonpublic personal information as required by law (such as to respond to a subpoena) or to satisfy a request from a regulator and/or to prevent fraud. Without limiting the foregoing, we may disclose nonpublic personal information about you to governmental entities and others in connection with meeting our obligations to prevent money laundering including, without limitation, the disclosure that may be required by the Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and the regulations promulgated thereunder. In addition, if we choose to dispose of our clients' nonpublic personal information that we are not legally bound to maintain, then we will do so in a manner that reasonably protects such information from unauthorized access. The same privacy policy also applies to former clients who are natural persons.

## **Confidentiality and Security**

We restrict access to nonpublic personal information about our clients to those employees and agents who need to know that information to provide products and services to our clients. We maintain physical, electronic and procedural safeguards to protect our clients' nonpublic personal information. We respect and value that you have entrusted us with your private financial information, and we will work diligently to maintain that trust. We are committed to preserving that trust by respecting your privacy as provided herein.

If you have any questions regarding this privacy notice, please contact us.