



**ADV PART 2A**  
**FIRM BROCHURE**



**WEALTHQUEST CORPORATION**  
**SEC File Number: 801 – 67079**  
**ADV Part 2A, Firm Brochure**

Dated:

**January 4, 2024**

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This brochure provides information about the qualifications and business practices of Wealthquest Corporation ("WQC"). If you have any questions about the contents of this brochure, please contact us at (513) 530-9700 or [info@wqcorp.com](mailto:info@wqcorp.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.

Additional information about Wealthquest Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to Wealthquest Corporation as a "registered investment advisor" or any reference to being "registered" does not imply a certain level of skill or training.

**ITEM 2 MATERIAL CHANGES**

This Brochure, dated January 4, 2024, was prepared in accordance with SEC requirements, and contains the following material changes since the firm’s last annual amendment submitted on March 31, 2023:

- As of January 4, 2024, the firm has consolidated operations and shut down the Naples, FL office.

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You may also obtain a copy of this brochure by contacting Wealthquest Corporation by phone at (513) 530-9700, or by email at [info@wqcorp.com](mailto:info@wqcorp.com). Additional information about Wealthquest Corporation is available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4 ADVISORY BUSINESS

**A.** Wealthquest Corporation (“WQC”) is a corporation formed on July 13, 2006 in the State of Ohio. WQC became registered as an Investment Adviser Firm on August 17, 2006. WQC is 100% employee owned and is principally owned by Wade K. Daniel (CEO), James Lenhoff (Director of Mission), Stephen P. King (Vice President), Mark A. Bates (COO), W. David Kern (President), and Dan Larson (Vice President).

**B.** WQC offers to its clients (individuals, families, ERISA plans, charitable organizations, business entities, trusts and estates, etc.) a spectrum of investment advisory services as outlined generally below.



Also known as Ascend Advisory Services (“Ascend”). Offers portfolio management services, financial planning services, tax preparation services, and estate planning services for investors with portfolios less than \$500,000.



Also known as Expeditions Advisory Services. Offers portfolio management services, financial planning services, tax preparation services, and estate planning services for investors with portfolios ranging from \$500,000 - \$2,500,000.



Also known as Summit Advisory Services. Offers portfolio management services, charitable counseling, financial planning services, tax preparation services, and estate planning services for investors with portfolios above \$2,500,000.

## INVESTMENT ADVISORY SERVICES

WQC offers investment advisory services under Ascend, Expeditions, and Summit programs. Client and WQC agree, in writing, to manage the Client portfolio toward one or more objectives including any reasonable unique preferences and restrictions. WQC will allocate investment assets consistent with the designated investment objectives. WQC will monitor a client’s portfolio and make trades when necessary to meet the investment objective.

WQC primarily allocates client investments among mutual funds, exchange traded funds (“ETFs”), structured notes, stocks (common or preferred), bonds, option contracts, private placements or other illiquid investments, certificates of deposit, and other securities and/or contracts relating to the same. Once allocated, WQC provides ongoing monitoring and maintenance of account performance, asset allocation and client investment objectives.

The client can determine to engage WQC to provide discretionary investment advisory services on a fee basis. WQC’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under WQC’s management. Before engaging WQC to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with WQC setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. See Item 5 for details.

## FINANCIAL PLANNING SERVICES

To the extent specifically requested by the client WQC offers financial planning services to Ascend, Expeditions and Summit clients on investment and non-investment related matters, such as retirement planning, tax planning, insurance needs analysis, education funding, 401(k) allocation, etc. WQC shall not receive any separate or additional fee for any such consultation services unless specified in the signed Investment Advisory Agreement or a separate Financial Planning Agreement. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of WQC), WQC may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written agreement with the client.

To the extent requested by a client, WQC will recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorney, accountant, insurance agent, etc.). The client is under no obligation to engage the services of any such recommended professional.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note:** It remains the client's responsibility to promptly notify WQC if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising WQC's previous recommendations and/or services.

## ESTATE PLANNING SERVICES

To the extent requested by the client, WQC offers estate planning assistance as part of its investment advisory services. WQC does not hold itself out as providing estate planning services separately from its primary service of investment management. Estate planning assistance generally includes an estate plan review. Estate planning assistance should not be construed as legal advice.

For its clients, WQC also offers varying levels of credits for reimbursement of estate planning legal work performed by outside attorneys. New clients typically receive an upfront reimbursement ranging from \$750-\$5,000 which generally corresponds to the level of AUM the client has with WQC. When existing clients update or amend their estate planning documents or create new documents, WQC reserves the right to provide additional credits typically ranging \$500-\$4,000. In selective situations, WQC will provide credits above or below the referenced amounts based on a number of extenuating circumstances including advisory agreement provisions, specific need, unique conditions, assets under management, client relationship, emotional state, and other qualitative and quantitative factors. The credits associated with these types of services have expanded since the firm's inception, and as such, not all WQC clients have access to the same level of credits.

Reimbursement is lessor of actual cost or available estate planning credit and contingent upon submission of the invoice (or equivalent documentation) and a copy of the documents.

The reimbursement is designed to draft or amend estate planning documents including but not limited to Revocable Living Trust, Will, Durable Power of Attorney, Healthcare Power of Attorney, and Living Will, as well as any additional related costs such as recording fees and materials costs.

In select situations, WQC may offer a courtesy fee discount in lieu of an estate planning credit where estate planning documents were recently drafted.

**Please Note:** WQC does not hold itself out to be a law firm or to provide legal advice. To the extent requested by a client, WQC will recommend one or more attorneys or online document prep platforms for Client legal work. The Client is under no obligation to engage the services of any such recommended attorney or online platform. Any benefits to which WQC clients are entitled as it pertains to estate planning, are applicable to any estate planning legal work performed by any licensed attorney or online document prep platform selected by the client. If the Client engages any such recommended attorney or platform, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged attorney or online document prep platform.

## TAX RETURN PREPARATION

WQC generally offers tax return preparation at no charge as part of its Ascend, Expeditions, and Summit advisory services. The level of services received (including whether such services apply to dependent and non-dependent children) generally corresponds to the level of AUM the client has with WQC. Tax return preparation includes:

1. 1040 Income Tax Preparation – Federal, State, Local\*
2. Estimated income tax payment calculations
3. Payment vouchers

Alternatively, in lieu of the tax return preparation service by WQC, the firm generally offers a tax return preparation credit between \$300-\$500 for reimbursement of work performed by outside tax preparers. Eligible clients may elect to have WQC make payment, as specified in their advisory agreement, to a tax preparer chosen by the Client or the Client may choose reimbursement for the out-of-pocket costs related to a tax prep software up to \$150. For the tax prep payment or fee reimbursement, Clients are required to submit a copy of the tax preparer's invoice (or equivalent record) and other relevant materials to be determined by WQC. For those utilizing tax prep software, Clients are required to submit a copy of their receipt (or similar proof of purchase) and other relevant materials to be determined by WQC.

In select situations, WQC will charge a flat fee in exchange for tax return preparation services. Although WQC's general fee for these services range from \$250-\$500, this fee is negotiable at WQC's discretion, depending upon objective and subjective factors, including but not limited to: the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; prior relationships with WQC and/or its representatives, and negotiations with the client. Certain legacy clients may have accepted different pre-existing tax-return preparation service offerings from WQC and may therefore receive services for a different fee than the fee range set forth above. As a result of these factors, similarly-situated clients could pay different fees. The services to be provided by WQC to any particular client could be available from other advisers and tax preparers at lower fees, and certain clients may have fees different than those specifically set forth above.

\* Tax services beyond 1040 tax preparation such as Form 709, 1065, and Corporate returns may be offered at WQ discretion for an additional fee.

WQC shall not be required to verify the accuracy of any tax-related data received from the client. Advisor will prepare the tax filings based upon the data provided. WQC does not assume responsibility for the accuracy of such data, timely payments, or filings. Tax assistance will be conducted in accordance with the professional regulations set forth by Treasury Circular 230, AICPA Statements on Standards for Tax Services, and the Ohio Board of Accountancy. Unless authorized by law or with Client consent, WQC cannot use Client tax return information for purposes other than the preparation and filing of Client tax return. By signing the Investment Advisory Agreement, Client consents to the use by WQC of any and all tax return information contained in the Client federal income tax returns for the purpose of providing other non-tax services as agreed upon in the Investment Advisory Agreement. The tax information will not be disclosed or used by WQC for any purpose other than that permitted by this consent document. WQC will not make our investment advisory services conditional upon consent to use tax return information within WQC. If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484 or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov).

## RETIREMENT PLAN SERVICES AND PENSION CONSULTING

WQC offers plan design consulting, investment consulting, and education services to plan sponsors of ERISA and non-ERISA qualified retirement plans. The extent of the services is detailed in a separate Qualified Plan Consulting Agreement but generally include assistance in the following: investment management services, plan design, service provider benchmarking, education meetings for participants, and participant enrollment.

Investment management services are offered to both ERISA plans (i.e. 401(k), pension, profit-sharing) and non-ERISA plans (i.e. Simple IRA, SEP, solo-401(k)). Investment services offered include preparation of plan's Investment Policy Statement, evaluation of the plan investment choices, selection of investment line-up, and on-going monitoring. For solo-401(k) plans, in addition to providing advisory services, WQC will offer consulting services and filing assistance with Form 5500, as applicable, through a third-party service provider. WQC will offer to serve plans in either a fiduciary, advisory capacity (ERISA 3(21)) or in a fiduciary, discretionary capacity (ERISA 3(38)). The details of which are specified in the Qualified Plan Consulting Agreement.

## ASCEND ADVISORY SERVICES

Ascend clients may choose to engage WQC to provide investment management services utilizing the TD Ameritrade custodial platform, Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), or a traditional account through Charles Schwab. For more specific information on SPT provided by Charles Schwab, please see the Miscellaneous section.

To commence Ascend Advisory Services, clients are required to enter into an Investment Advisory Agreement with WQC setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. An investment adviser representative will then meet with the client to ascertain investment objectives, risk tolerances, restrictions, and to determine the scope of services. Once defined and agreed upon, the client's portfolio is typically held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"), or TD Ameritrade ("TDA"). To operate Ascend, WQC will allocate investment assets consistent with the client's designated investment objectives through generally following the parameters of one or more similarly managed investment allocation models on the client's chosen or recommended platform. WQC offers Ascend Advisory Services clients a range of investment strategies that WQC has constructed and manages, each consisting of a portfolio of ETFs and a cash allocation.

## MISCELLANEOUS

**CS&Co. SPT Platform:** As between WQC and Schwab, WQC is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. WQC has contracted with SPT to provide WQC with the Platform, which consists of technology and related trading and account management services for Ascend Advisory Services.

The Platform enables WQC to make Ascend Advisory Services available to clients online and includes a system that automates certain key parts of WQC's investment process (the "System").

WQC is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). WQC, and not Schwab, is the client's investment adviser and primary point of contact with respect to Ascend Advisory Services.

The System includes an online questionnaire that helps WQC determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that WQC will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but WQC then makes the final decision and selects a portfolio based on all the information it has about each client. The System also includes an automated investment engine through which WQC manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (tax harvesting available to clients who maintain \$50,000 in their Program account). WQC will manage/rebalance the clients' respective accounts on a discretionary basis by virtue of rebalancing the respective similarly managed investment allocation model(s).

WQC charges clients a fee for its services as described below under Item 5, Fees and Compensation. WQC's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of Ascend Advisory Services. Schwab does receive other revenues in connection with the Program, which are described below under Item 5, Fees and Compensation.

WQC does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in Ascend Advisory Services. If WQC does not meet this condition, then it must pay SPT an annual licensing fee of 0.1% of the value of its clients' assets in Ascend Advisory Services. This arrangement presents a conflict of interest, as it provides an incentive for WQC to recommend that clients maintain their accounts at CS&Co. Notwithstanding, WQC will generally recommend to its clients that investment management accounts be maintained at CS&Co based on the considerations discussed in Item 12 below, which we believe mitigates this conflict of interest.

**Our Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Rebalancing:** The System will rebalance a client's account periodically by generating instructions to CS&Co to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program," considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by WQC, (ii) WQC decides to change the ETFs or their percentage allocations for an investment strategy or (iii) WQC decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restriction on the management of their account. Accounts below \$5,000 will be treated differently and deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

**Sweep Program:** Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in the Ascend Advisory Services, clients consent to having the free credit balances in their brokerage accounts at CS&Co swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the Ascend Advisory Services. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will



be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index. Clients may be able to obtain higher rates of interest on cash balances at other financial institutions.

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by WQC independent of engaging WQC as an investment advisor. However, if a prospective client determines to do so, he/she will not receive WQC's initial and ongoing investment advisory services. Please Note-Use of DFA Mutual Funds: WQC utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers. Thus, if the client were to terminate WQC's services, and not transition to another adviser who utilizes DFA funds, restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply.

**ANY QUESTIONS:** WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above.

**Structured Products:** WQC may periodically recommend structured product investments to select clients. Structured investment products are generally underwritten by major investment banks and typically linked to either individual equity market indexes or baskets of indexes and may offer some of the following features: full or partial principal-protection, enhanced upside participation, caps on the maximum returns, knock-out barrier notes and/or absolute return characteristics. Most structured products will be unsecured debt of the issuing investment bank and will carry the credit risk of that company, although occasionally they may be principal-protected FDIC-insured notes. Of course, like all other investments, there can be no guarantee that the performance of such products will be profitable or achieve any specific performance level during up and/or down markets.

**Portfolio Activity:** WQC has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, WQC will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when WQC determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by WQC will be profitable or equal any specific performance level(s).

**High Yield Bond Risk:** For certain client accounts, WQC will utilize lower-quality fixed income securities, known as "high yield" or "junk" bonds, which present a significant risk for loss of principal and interest. These securities are considered speculative. These bonds offer the potential for higher return, but also involve greater risk than bonds of higher quality, including an increased possibility that the bond's issuer, obligor, or guarantor may not be able to make its payments of **interest and principal (credit quality risk)**. **If that happens, the value of the bond may decrease, and your income can be reduced.**

An economic down-turn or period of rising interest rates (interest rate risk) could adversely affect the market for these bonds and reduce your ability to sell bonds (liquidity risk). Defaulted securities, those subject to a reorganization including bankruptcy court protection may become worthless, completely illiquid or subject to lengthy legal proceedings that will delay the resolution of their value, if any.

**Cross Trades:** From time to time and where appropriate, WQC will direct a "cross trade" of securities (including, without limitation, fixed income securities) between client accounts, whereby WQC arranges for one client account to purchase a security directly from another client. In such cases, WQC will obtain a price for the security from one or more independent sources. WQC is not a broker-dealer and receives no compensation from a cross trade; however, the broker-dealer facilitating the cross trade normally charges administrative fees to the clients' accounts. WQC will direct a cross trade when WQC believes that the transaction is in the best interest of the clients, that no client will be disfavored by the transaction, and that the transaction is consistent with WQC's duty to seek best execution.

**Client Obligations:** In performing its services, WQC shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify WQC if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising WQC's previous recommendations and/or services.



**Disclosure Statement:** A copy of WQC’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

**Retirement Rollovers-Potential for Conflict of Interest:** When WQC provides investment advice to its clients regarding a retirement plan account or individual retirement account, it is a fiduciary 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 WQC makes money creates some conflicts with client interests, so it operates under a special rule that requires WQC to act in the client’s best interest and not put its interests ahead of the client. Under this special rule’s provisions, WQC must:

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

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences and penalties). If WQC recommends that a client roll over their retirement plan assets into an account to be managed by WQC, such a recommendation creates a conflict of interest if WQC will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, WQC serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. No client is under any obligation to rollover retirement plan assets to an account managed by WQC.

**ANY QUESTIONS:** WQC’s Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

**ERISA/IRC Fiduciary Acknowledgment:** If the client is: (i) a retirement plan (“Plan”) organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then WQC represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the WQC or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**eMoney Advisor Platform:** WQC may provide its clients with access to an online platform hosted by “eMoney Advisor” (“eMoney”). The eMoney platform allows a client to view their complete asset allocation, including those assets that WQC does not manage (the “Excluded Assets”). WQC does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, WQC shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or the client’s advisor(s) that maintain management authority for the Excluded Assets, and not WQC, shall be exclusively responsible for such investment performance. The client may choose to engage WQC to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between WQC and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by WQC. Finally, WQC shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without WQC’s assistance or oversight.

**Non-Discretionary Service Limitations:** Clients that determine to engage WQC on a non-discretionary investment advisory basis must be willing to accept that WQC cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that WQC would like to make a transaction for a client’s account, and client is unavailable, WQC will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client’s consent.

**Services Generally:** WQC shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s).

Thereafter, WQC shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on WQC's services.

WQC does not participate in or sponsor a wrap fee program.

As of December 31, 2022, WQC had \$1,491,108,150 in assets under management on a discretionary basis and \$2,882,786 in assets under management on a non-discretionary basis.

## ITEM 5 FEES AND COMPENSATION

### EXPEDITIONS AND SUMMIT ADVISORY FEES

If an Expeditions or Summit client determines to engage WQC to provide discretionary investment advisory services on a fee basis, WQC's tiered annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under WQC's management as follows. There is no minimum required assets under management, however assets less than \$500,000 are subject to a minimum quarterly fee of \$1,500.00. For clients with assets subject to this minimum fee, the advisory fees will be higher than listed below.

### EXPEDITIONS AND SUMMIT FEE SCHEDULE

ASSETS UNDER MANAGEMENT	ANNUAL RATE(S)
Assets Between \$0 and \$500,000	1.25%
Next \$500,000	1.00%
Next \$2,000,000	0.85%
Next \$2,000,000	0.65%
Next \$5,000,000	0.50%
Additional Assets above \$10,000,000	0.40%

### ASCEND ADVISORY FEES

If Ascend clients engage WQC to provide discretionary wealth management services on a fee basis, the annual fee rate shall be 0.80% of the market value of the managed assets plus a fixed fee of \$1,800 annually. The 0.80% advisory fee is billed quarterly and deducted from the SPT or TDA account. Clients may choose to remit payment for fixed fees through one of the following methods: quarterly deductions from their account, monthly quarterly or annually via bank ACH or credit card, or annual check.

In addition to the advisory fees assessed, new Ascend clients will pay an initial setup fee of \$2,000 remitted via ACH or check.

Schwab and TD Ameritrade do receive other revenues in connection with Ascend Advisory. Specifically, Schwab Bank® earns interest revenue on the cash in Ascend Advisory accounts. Also, Schwab affiliates can earn revenue from the underlying assets in Ascend Advisory accounts. This revenue comes from managing Schwab ETFs™ and providing services relating to third-party ETFs that Adviser may select for the portfolios. Finally, Schwab may receive payments from the trading firms and exchanges where ETF trades are routed for execution.

### FEE CONSIDERATIONS

A. WQC's investment advisory and financial planning fees are negotiable at WQC's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with WQC and/or its representatives, and negotiations with the client. Certain legacy clients have accepted different pre-existing service offerings from WQC and therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by WQC to any particular client could be available from other advisers at lower fees, and certain clients have fees different than those specifically set forth above.



**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above fee determination.**

**B.** Clients may elect to have WQC's advisory fees deducted from their custodial account. Both WQC's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of WQC's investment advisory and wealth management fees and to directly remit that management fee to WQC in compliance with regulatory procedures. In the limited event that WQC bills the client directly, payment is due upon receipt of WQC's invoice. WQC shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter in accordance with the firm's portfolio management system. Any contributions made by the client over the course of the quarter will typically result in an additional fee to WQC that is prorated to the client account (or family of accounts) based on the timing of the contribution. Any withdrawals made by the client over the course of a quarter will typically result in an additional credit that is prorated to the client account (or family of accounts) based on the timing of the withdrawal and which will be applied to next quarter's fees. This will also include any increases or decreases in the valuations of certain securities which may occur after the billing period (i.e. dividends received).

**C.** As discussed below, unless the client directs otherwise or an individual client's circumstances require, WQC shall generally recommend that TD Ameritrade, or Charles Schwab and Co., Inc. ("Schwab"), or similar national brokerage institution to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as TD Ameritrade, and Schwab charge brokerage commissions and/or transaction fees for affecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for options transactions). In addition to WQC's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses) and, for independent investment managers, the fees charged by each separate manager who is engaged to manage the assets.

**D.** WQC's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter in accordance with firm's portfolio management software. WQC, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). No portion of WQC's compensation shall be based on capital gains or capital appreciation of the assets nor shall it be derived from mutual fund management fees and/or fund expenses or trading fees paid by client as a result of WQC initiated trades.

The Investment Advisory Agreement between WQC and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, WQC shall refund the prorated portion of the advanced advisory fee paid based upon the date of receipt of the client's signed Termination Notice, and the number of days remaining in the billing quarter.

**E.** Neither WQC, nor its representatives accept compensation from the sale of securities or other investment products.

**F.** WQC relies on pricing feeds from independent third-party custodians to value securities and other holdings in client accounts for the purposes of calculating assets under management and investment advisory fees.

**G.** Certain legacy clients may have accepted different fees for the WQC's investment advisory services and may therefore receive services for a different fee than the fee ranges set forth above. As a result of these factors, similarly-situated clients could pay different fees.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither WQC nor any supervised person of WQC accepts performance-based fees.

## ITEM 7 TYPES OF CLIENTS

WQC's clients shall generally include families, individuals, pension and profit-sharing plans, charitable organizations, business entities, trusts and estates. WQC, in its sole discretion, may reduce its minimum asset requirement and/or charge a lesser investment management fee based upon certain criteria (i.e. related accounts, anticipated future additional assets, future earnings, negotiations, etc.).

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. WQC may utilize the following methods of security analysis:

- **Fundamental** – (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- **Cyclical** – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

### WQC utilizes the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** (securities held at least a year)
- **Short Term Purchases** (securities sold within a year)
- **Margin Transactions** (use of borrowed assets to purchase financial instruments)
- **Options** (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**WQC's Investment Committee researches securities and economic data:** The Investment Committee combines their research into an investment strategy. This strategy is deployed into various Allocation Models. The Allocation Models range from aggressive to conservative and carry varying types of risk (i.e. market risk, interest rate risk, default risk, inflation risk, etc.).

The Asset Allocation Models are monitored and maintained across multiple custodians, platforms, and investment services (TD Ameritrade, Schwab, Transamerica, and ERISA plan custodians). Asset allocation does not guarantee against losses, but it attempts to minimize risk.

### WQC's Asset Allocation Models are applied to Client portfolios with the following guidelines:

**Fact Gathering** – at the onset of a client relationship, WQC, through its representatives, shall obtain from the Client information sufficient to determine the Client's financial situation and investment objectives.

- **Investment Policy Statement** – Client, with input from WQC representatives, agrees, in writing, to investment objective and parameters for the Client portfolio. Client may impose reasonable restrictions as part of this document at any time.
- **Quarterly Notice** – at least quarterly WQC shall notify the client to advise WQC whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account.
- **Annual Invitation** – at least annually, WQC shall invite the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account.
- **Consultation Available** – WQC shall be reasonably available to consult with the client relative to the status of the portfolio.
- **Quarterly Report** – the Client shall be provided with a quarterly report for the account for the preceding period.
- **Separate Account** – a separate account is maintained for the client with the Custodian;

**Please Note Investment Risk:** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by WQC) will be profitable or equal any specific performance level(s).

**B. WQC's methods of analysis and investment strategies do not present any significant or unusual risks:** However, every method of analysis has its own inherent risks. To perform an accurate market analysis WQC must have access to current/new market information. WQC has no control over the dissemination rate of market information; therefore, unbeknownst to WQC, certain analyses may be compiled with outdated market information, severely limiting the value of WQC's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

**WQC's primary investment strategies:** Long Term Purchases and Short Term Purchases – are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. In addition to the fundamental investment

strategies discussed above, WQC also implements and/or recommends the use of margin, and/or derivatives such as options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

**Margin is an investment strategy with a high level of inherent risk:** A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by WQC in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to WQC may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin may correspondingly increase the management fee payable to WQC. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

In general, a derivative instrument typically involves leverage, i.e., it provides exposure to potential gain or loss from a change in the level of the market price of the underlying security or currency (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative instrument. Adverse changes in the value or level of the underlying asset or index, can result in a loss to the client's portfolio substantially greater than the amount invested in the derivative itself.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by WQC shall be with the intent of offsetting—"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions implemented by WQC are to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct WQC, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**C. WQC primarily allocates client investment assets among mutual funds, ETFs, stocks (common, preferred or otherwise), bonds, structured notes, derivatives such as option contracts, certificates of deposit, and other securities and/or contracts relating to the same.**

WQC may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation programs (i.e. Model 7, Model 8 and/or models created by WQC through the Schwab Intelligent Portfolios) as designated on the Investment Advisory Agreement. WQC's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to WQC's management of client assets:

1. **Initial Interview** – at the opening of the account, WQC, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** – the account is managed on the basis of the client's financial situation and investment objectives;
3. **Quarterly Notice** – at least quarterly WQC shall notify the client to advise WQC whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;

**ETFs:** ETFs in which the strategy invests involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. Certain ETFs have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative will not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty will fail to honor its contract terms, causing a loss for the ETF. Use of these



instruments also involves certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFs™, are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.

**Credit/Interest Rate Risk:** Investments in fixed income securities are subject to the risk that a decline in the credit quality of an investment could cause returns on the securities to fall. If an issuer or guarantor of an investment fails to make timely principal or interest payments or otherwise honor its obligations there is a risk of default. Below investment-grade bonds (junk bonds) involve greater risks of downgrade or default, are more volatile than investment-grade bonds, involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness, and may be more vulnerable than other issuers to economic downturns. Investments in fixed income securities are also subject to the risk that interest rates will fluctuate and securities' yields will change over time. During periods when interest rates are low, securities' yields (and total returns) also may be low.

**Liquidity Risk:** Illiquid securities are investments that are difficult to buy or sell. Certain investments may become illiquid due to changing market conditions, economic conditions, or specific changes in the condition of a particular issuer. A client's investment in illiquid securities may reduce the returns of the total portfolio as illiquid securities may be more difficult to sell at a favorable price or time. In addition, there may be higher transactions costs than what is typical for more liquid securities.

**Foreign Investment Risk:** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks not associated with U.S. investments, including fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. These risk factors can make foreign investments, especially in emerging markets, riskier and potentially less liquid. Foreign securities can also perform differently from U.S. securities.

## ITEM 9 DISCIPLINARY INFORMATION

Neither WQC, nor its representatives, have been the subject of any disciplinary actions.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**A.** Neither WQC, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B.** Neither WQC, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**C. Licensed Insurance Agency/Agents:** WQC no longer maintains control or ownership of Wealthquest Insurance Advisors, LLC, an independent licensed insurance agency. Some WQC employees remain licensed insurance agents for purposes of servicing existing policies, but are prohibited from representing new contracts for WQC clients. In their individual capacity, some WQC employees may receive commissions if new premiums are added to existing insurance policies or fixed annuities.

**Conflict of Interest:** Through their capacity as financial planners and advisors, WQC employees will be involved with insurance recommendations for WQC clients. Even though WQC and its employees receive no compensation from the purchase of new insurance products there is the potential for a conflict of interest, as the use of income or principal from managed assets for the purpose of funding insurance will reduce the advisory fees collected by WQC. In addition, contributions to existing insurance policies may pay a commission to the servicing agent who may be a WQC employee. WQC is discouraging and discontinuing the practice of employees serving as agent to further mitigate this conflict of interest.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**D. Legal Services:** To the extent that a client specifically requests legal advice, WQC may recommend the services of an attorney, and/or the services of a law firm. Any such legal services shall be rendered independent of WQC pursuant to a separate agreement between the client and the law firm. WQC shall not receive any of the fees charged by the law firm.

**Conflict of Interest:** The recommendation by WQC's employees that a client engage the services of an attorney and/or the services of a law firm or document prep platform, may present a material conflict of interest. No client is under any obligation

to engage an attorney and/or law firm recommended by WQC. WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective may have regarding the above conflicts of interest.

**E.** WQC does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

**F.** James Lenhoff, President of WQC, in his individual capacity has written a book, Living a Rich Life. Mr. Lenhoff, in his individual capacity, hosts a podcast based on the principles of his book. The ideas expressed on the show and content produced by Mr. Lenhoff do not constitute advice from Mr. Lenhoff or WQC. Listeners should seek personal financial, tax, and legal counsel before acting on any recommendations. WQC offers advertising support to the podcast. WQC markets videos and clips from this programming to current and prospective clients. WQC derives no revenue from the sale of the books, speaking engagements, or other business activity related to Living a Rich Life.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A.** WQC maintains an investment policy relative to personal securities transactions. This investment policy is part of WQC's overall Code of Ethics, which serves to establish a standard of business conduct for all of WQC's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, WQC also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by WQC or any person associated with WQC.

**B.** Neither WQC nor any related person of WQC recommends, buys, or sells for client accounts, securities in which WQC or any related person of WQC has a material financial interest.

**C.** WQC and/or representatives of WQC will buy or sell securities that are also recommended to clients. This practice will create a situation where WQC and/or representatives of WQC are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if WQC did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of WQC's clients) and other potentially abusive practices.

**D.** WQC and/or representatives of WQC will buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where WQC and/or representatives of WQC are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, WQC has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of WQC's Access Persons.

## **ITEM 12 BROKERAGE PRACTICES**

**A.** In the event that the client requests that WQC recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct WQC to use a specific broker-dealer/custodian), WQC generally recommends that investment management accounts be maintained at TD Ameritrade and/or Schwab or similar national brokerage company. Prior to engaging WQC to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with WQC setting forth the terms and conditions under which WQC shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that WQC considers in recommending TD Ameritrade and/or Schwab (or any other broker-dealer/custodian to clients) include historical relationship with WQC, financial strength, reputation, execution capabilities, pricing, research, and service.

Although the commissions and/or transaction fees paid by WQC's clients shall comply with WQC's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where WQC determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although WQC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for



client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, WQC's investment management fee. WQC's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

## RESEARCH AND ADDITIONAL BENEFITS

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, WQC may receive from TD Ameritrade and/or Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist WQC to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by WQC may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by WQC in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that will be received will assist WQC in managing and administering client accounts. Others do not directly provide such assistance, but rather assist WQC to manage and further develop its business enterprise.

**WQC's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade and/or Schwab as a result of this arrangement. Except for the Ascend program, there is no corresponding commitment made by WQC to TD Ameritrade and/or Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.**

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

## PRODUCTS AND SERVICES AVAILABLE TO WQC FROM SCHWAB

**Schwab provides WQC and its client with access to its institutional brokerage:** trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help WQC manage or administer clients' accounts while others help WQC manage and grow their business. Schwab's support services generally are available on an unsolicited basis (WQC doesn't have to request them) and at no charge to WQC as long as WQC keeps a total of at least \$20 Million of clients' assets in accounts at Schwab. If WQC has less than \$20 Million in client assets at Schwab, it may charge WQC quarterly service fees. Here is a more detailed description of Schwab's support services:

**Services that Benefit our Clients:** Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like WQC. Through Schwab Advisor Services, CS&Co. provides WQC and its clients, both those enrolled in Ascend and clients not enrolled in Ascend, with access to its institutional brokerage services — trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

**Services that May Not Directly Benefit our Clients:** Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

**Services that Generally Benefit Only Us:** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab will also provide us with other benefits such as occasional business entertainment of our personnel.

The availability of services from Schwab benefits WQC because WQC does not have to produce or purchase them. WQC doesn't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. WQC's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by WQC to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

## CLIENT REFERRALS

WQC has received client referrals from *TD Ameritrade* through its past participation in *TD Ameritrade AdvisorDirect* ("AdvisorDirect"). *TD Ameritrade* has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. *TD Ameritrade* does not supervise WQC and has no responsibility for WQC's management of client portfolios or WQC's other advice or services. WQC pays *TD Ameritrade* an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to WQC ("Solicitation Fee"). WQC will also pay *TD Ameritrade* the Solicitation Fee on any advisory fees received by WQC from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired WQC on the recommendation of such referred client. WQC will not charge clients referred through *AdvisorDirect* any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to *TD Ameritrade* to its clients. For information regarding additional or other fees paid directly or indirectly to *TD Ameritrade*, please refer to the *TD Ameritrade AdvisorDirect* Disclosure and Acknowledgement Form. WQC's participation in *AdvisorDirect* raises potential conflicts of interest. *TD Ameritrade* will most likely refer clients through *AdvisorDirect* to investment advisors that encourage their clients to custody their assets at *TD Ameritrade* and whose client accounts are profitable to *TD Ameritrade*. Consequently, in order to obtain client referrals from *TD Ameritrade*, WQC has an incentive to recommend to clients that the assets under management by WQC be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. In addition, WQC has agreed not to solicit clients referred to it through *AdvisorDirect* to transfer their accounts from *TD Ameritrade* or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. WQC's participation in *AdvisorDirect* does not diminish its duty to seek best execution of trades for client accounts.

In addition, WQC may have received additional benefits from participation in *AdvisorDirect*. There is no direct link between WQC's participation in the program and the investment advice it gives to its clients, although WQC receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. These benefits include

the receipt of duplicate client statements; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to WQC by third party vendors. The benefits received by WQC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. As part of its fiduciary duties to clients, WQC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WQC or its representatives creates a conflict of interest.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

### **DIRECTED BROKERAGE**

WQC does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and WQC will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by WQC. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs WQC to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through WQC.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

### **TRADE AGGREGATION**

To the extent that WQC provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless WQC decides to purchase or sell the same securities for several clients at approximately the same time. In certain situations, WQC will (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among WQC's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. WQC shall not receive any additional compensation or remuneration as a result of such aggregation.

### **TRADE ERRORS**

As a fiduciary, WQC has the responsibility to execute orders correctly, promptly, and in the best interests of clients. In the event an error occurs in the handling of client transactions due to the firm's actions or inactions, WQC's policy is to identify and correct trade errors as promptly as possible without disadvantaging the client. If the trade error is the responsibility of WQC, client transactions will be corrected and the firm will be responsible for any client loss resulting from the error. WQC generally follows the error resolution practices that clients' brokers and custodians establish, which, for certain accounts, will result in WQC retaining de minimis gains that result from trade errors.

### **ITEM 13 REVIEW OF ACCOUNTS**

**A.** For those clients to whom WQC provides investment supervisory services, account reviews are conducted on an ongoing basis by WQC's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise WQC of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with WQC on an annual basis.

**B.** WQC will typically conduct account reviews on any other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.



C. Clients are provided, at least quarterly, with written and/or electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. WQC also provides a periodic report summarizing account activity and performance.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. WQC receives an economic benefit from certain custodians in the form of support products and services made available to us and when clients maintain accounts at those custodians. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

WQC's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade or and/or Schwab as a result of this arrangement. There is no corresponding commitment made by WQC to TD Ameritrade and/or Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

B. If a client is introduced to WQC by either an unaffiliated or an affiliated solicitor, WQC will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from WQC's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to WQC by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of WQC's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between WQC and the solicitor, including the compensation to be received by the solicitor from WQC.

C. The Advisor may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with the Advisor and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services of financial planning services to independent investment advisors. Zoe Financial does not supervise the Advisor and has no responsibility for the Advisor's management of client portfolios of the Advisor's other advice or services. The Advisor pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor ("Solicitation Fee"). The Advisor will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

## ITEM 15 CUSTODY

Custody is defined as any legal or actual ability by us to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we don't take physical possession of client assets. However, under government regulations, we are deemed to have custody of client assets due to various arrangements which give us legal access to client funds.

For example, we are deemed to have custody of client assets when: (i) clients authorize us to instruct their qualified custodian to deduct advisory fees directly from their account and when (ii) clients grant us authority to move their money to another person's account. Each client's institutional custodian maintains actual custody of the client's assets. Clients receive account statements directly from their account's custodian at least quarterly. They will be sent to the postal mailing address or email address that was provided to the custodian. Clients should carefully review those statements promptly when they receive them.

WQC provides periodic reports summarizing account activity and performance. We urge clients to compare their custodial statements with any periodic portfolio reports that they receive from us.



## ITEM 16 INVESTMENT DISCRETION

The client determines whether to engage WQC to provide investment advisory services on a discretionary basis. Prior to WQC assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming WQC as the client's attorney and agent in fact, granting WQC full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage WQC on a discretionary basis may, at any time, impose restrictions, in writing, on WQC's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe WQC's use of margin, etc.).

## ITEM 17 VOTING CLIENT SECURITIES

Unless the client directs otherwise in writing, WQC is responsible for voting client proxies (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). WQC shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. WQC shall monitor corporate actions of individual issuers and investment companies consistent with WQC's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which WQC will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, WQC may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), WQC may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. WQC shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Investment Advisers Act of 1940. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how WQC voted on any specific proxy issue is also available upon written request. Requests should be made by contacting WQC's Chief Compliance Officer, Patrick D. Hayes.

## ITEM 18 FINANCIAL INFORMATION

A. WQC does not solicit client fees six months or more in advance.

B. As an advisory firm that maintains discretionary authority for client accounts, Wealthquest is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitment to clients. At this time, Wealthquest does not reasonably believe it is unable to meet its contractual commitments.

C. WQC has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: WQC's Chief Compliance Officer, Patrick D. Hayes, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**