

# **WealthGuard Advisors, Inc.**

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

This brochure provides information about the qualifications and business practices of WealthGuard Advisors, Inc. If you have any questions about the contents of this brochure, contact us at 530-621-1111. 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 WealthGuard Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for WealthGuard Advisors, Inc. is: 297192.

WealthGuard Advisors, Inc. 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 Summary of Material Changes

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

Since our last annual updating amendment dated February 7, 2023, we have the following material changes to report:

Charles Schwab & Co., Inc. Advisor Services has acquired TD Ameritrade. Due to this acquisition clients of WealthGuard Advisors, Inc. have transitioned from TD Ameritrade to Charles Schwab & Co., Inc. Advisor Services. (Items 12 & 14)

WealthGuard Advisors, Inc. may retain third parties to act as solicitors/promoters for our investment management services. (Item 14)

WealthGuard Advisors, Inc. compensate SmartAsset as a lead generator for advisory referrals. (Item 14)

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## Item 4 Advisory Business

### Description of Firm

WealthGuard Advisors, Inc. (hereinafter "WealthGuard Advisors") is a registered investment advisor based in Placerville, California. We are organized as a corporation under the laws of the State of California. We have been providing investment advisory services since August 2018. We are owned by Adam L. Anderson and Blake L. Anderson.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to WealthGuard Advisors, Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

WealthGuard Advisors offers investment advisory services to high net worth individuals, charitable organizations and corporations or other businesses. WealthGuard Advisors provides comprehensive investment management, planning and consulting services tailored to the individual needs of each client.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

WealthGuard Advisors evaluates and selects investments for inclusion in client portfolios only after applying its internal due diligence process. Our investment strategy is primarily long-term focused, but we may buy, sell or reallocate positions that have been held less than one year to meet the objectives of the client or due to market conditions. If it is consistent with your goals, we may also engage in an investment strategy that utilizes frequent trading in securities, please see Item 8 for more information. We will construct, implement and monitor your portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by each client. Each client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by WealthGuard Advisors.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is granted in the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Clients who have engaged us for portfolio management services will receive complimentary financial planning at no additional cost.

As part of our portfolio management services, we may also service employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature where the ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary. These engagements are typically regulated under the Employee Retirement Income Securities Act ("ERISA"). All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Financial Planning Services**

We offer financial planning services either in conjunction with our portfolio management service or as a standalone service. In either case, this will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad based financial planning to consultative or single subject planning. Complimentary financial planning that is included with our portfolio management service will be a broad based financial plan whereas standalone financial planning may be either broad based, consultative, or single subject depending on the engagement. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives.

After helping to identify your investment objectives, rate of return requirements, and risk tolerance, we may develop a portfolio strategy for you. If you wish, you may implement our portfolio recommendations by utilizing our institutional asset management and manager selection services. We will, at your request, assist you in establishing an investment account with these service providers.

If you purchase a full, broad-based financial plan, you will receive a written report, providing you with a detailed financial plan designed to help achieve your stated financial goals and objectives. In general, the financial plan will address any or all of the following:

- Investment Planning - This involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives.
- Education planning -This includes alternatives and strategies with respect to the complete or partial funding of private schools, college or other post-secondary education experience.
- Retirement Planning -This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement.
- Estate Planning - This involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, and the disposition of business or other interests.
- Insurance Planning - We will conduct an analysis of your insurance coverage and provide solutions regarding life, disability and long term care.

When preparing the plan, we gather required information through in-depth personal interviews. Information gathered includes your financial status, future goals, and attitudes toward risk among others. Related documents supplied by you are carefully reviewed, including a questionnaire completed by you, and a written report is prepared. We are under no obligation to verify the information supplied by you or your other professionals. We will rely solely on the information provided by you when preparing the written plan.

Should you choose to implement our recommendations contained in the plan, we suggest that you work closely with your attorney, accountant, insurance agent, and/or stock broker. Implementation of financial plan recommendations is entirely at your discretion. You are not obligated to implement the plans through us. If you elect to have us implement the plan any compensation received from the implementation of financial planning recommendations is separate and distinct from our financial planning fee. You are free to use any broker/dealer of your choice, further if you do not wish to implement the plan you are under no obligation to do so.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature and are not product specific. Financial plans are based on your stated financial objectives and investment goals, risk tolerance, and time horizon at the time we present the plan to you, and on the financial information you provide to us.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm. Our financial planning services are typically one time engagements unless the contract specifies that it will include on-going planning or consulting services.

### **Advisory Consulting Services**

We offer advisory consulting services that primarily involve advising clients on specific financial-related topics. Services are offered in several areas of a client's financial situation, depending on their goals, objectives and financial needs. Services are tailored to the unique needs of the client. The topics we address may include, but are not limited to: risk assessment/management, financial organization, or financial decision making/negotiation, asset allocation, securities recommendations, trust and estate planning, income/cash flow analysis, education needs analysis, insurance needs, savings and budgeting.

Consulting recommendations may pose a potential conflict between the interests of WealthGuard Advisors and the interests of the client. Clients are not obligated to implement any recommendations made by us in order to maintain an ongoing relationship with us. Our advisory consulting services are typically one time engagements unless the contract specifies that it will include on-going consulting services. If the client elects to act on any of the recommendations made by WealthGuard Advisors, you are under no obligation to implement the transaction through WealthGuard Advisors.

### **Selection of Other Advisers**

WealthGuard Advisors may also recommend to clients a third party money manager(s) ("TPMM") to manage all or a portion of your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM's performance to ensure its management and investment style remains aligned with your investment goals and objectives. TPMMs use model portfolios based on their information, research, asset allocation

methodology and investment strategies. TPMM's review portfolios on a regular basis and re-balance them as needed in order to maintain the agreed-upon weighting of asset classes. You will be required to enter into a separate agreement with the TPMM. WealthGuard Advisors serves as the client's primary advisor and relationship manager. However, the TPMMs will assume discretionary authority for the day-to-day investment management of those assets placed in their control. We will assist and advise the client in establishing investment objectives for their account[s], the selection of the TPMM and defining any restrictions on the account[s]. We will continue to provide oversight of the client's account[s] and ongoing monitoring of the activities of the TPMM. The TPMM will implement the selected investment strategies based on their investment mandates. The client may be able to impose reasonable investment restrictions on these accounts, subject to the acceptance of these third parties. You will receive the TPMM ADV Part 2A ("Firm Brochure"). We recommend that you review the TPMM's Firm Brochure for a complete description of their services, programs and fees that will be provided to you.

### **State of California**

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, WealthGuard Advisors, Inc. hereby makes the following statement: a conflict exists between the interest of WealthGuard Advisors, Inc. and the interests of the client. Further, the client is under no obligation to act upon WealthGuard Advisors, Inc. recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through WealthGuard Advisors, Inc.

All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

While the firm endeavor at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by WealthGuard Advisors, Inc.

### **Wrap Fee Programs**

We do not participate in any wrap fee program.

### **Types of Investments**

We offer advice on equity securities, warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, variable life insurance, mutual funds, exchange traded funds ("ETFs"), options contracts on securities, options contracts on commodities, United States government securities, money market funds, and real estate investment trusts ("REITs")

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

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I

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

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

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

### **Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$135,206,108 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule:

#### **Annual Fee Schedule**

<b>Assets Under Management</b>	<b>Annual Fee</b>
Under \$100,000	1.30%
\$100,001 - \$500,000	1.10 %
\$500,001 - \$3,000,000	0.95 %
\$3,000,001 - \$5,000,000	0.85 %
\$5,000,001 - \$10,000,000	0.75 %



\$10,000,001 - 0.65  
\$20,000,000 %

Over 0.55  
\$20,000,000 %

Our annual portfolio management fee is billed and payable, monthly in arrears, based on the balance at end of billing period. If the portfolio management agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you and the custodian an invoice showing the amount of the fee, the value of the assets on which the fee is based, the time period covered by the fee, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian call our main office number located on the cover page of this brochure.

You may terminate the portfolio management agreement upon 30 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

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

Except for our complimentary Financial Planning service which is included with our Portfolio Management service, our advisory fees for stand-alone financial planning and financial consulting services shall consist exclusively of either fixed fees or hourly fees, as agreed with the client at inception. A description of our fixed fee and hourly fee arrangements is below.

*Fixed Fees:* Our fixed fees generally range between \$300 and \$3,000. The particular fixed fee rate applicable to your engagement will be set forth in our written advisory agreement and is negotiable based on individual client circumstances and other factors, including, without limitation, the complexity and scope of the advisory services requested, the nature of the client's financial

circumstances, and the client's investment objectives. The variance in our fee is based on the scope and complexity of the plan, your financial situation, your goals and objectives and the level of involvement and time we will spend with you and your other professionals (other advisers, CPA, Attorney, etc.) throughout the planning process. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you approve the additional costs. Where you engage us on a fixed fee basis, at our discretion, up to 50% of our fixed fee may be due and payable at inception, with any remaining balance due and payable upon completion of the requested advisory services.

*Hourly Fees:* Our hourly fees are charged at a rate of \$200 per hour. The particular hourly rate applicable to your engagement will be set forth in our written advisory agreement and is negotiable based on individual client circumstances and other factors, including, without limitation, the complexity and scope of the advisory services requested, the nature of the client's financial circumstances, and the client's investment objectives. An estimate of the total time/cost required to complete the engagement will be provided to you at the start of the advisory relationship. Where we believe that the time/cost to complete the engagement may exceed our initial estimate, we will notify you in advance and request that you approve the additional time/cost before it is incurred. Where you engage us on an hourly fee basis, at our discretion, up to 50% of our estimated hourly fee may be due and payable at inception, with any remaining balance due and payable upon completion of the requested advisory services. Any excess pre-paid fees paid based upon our initial time/cost estimate shall be returned to the client promptly upon completion of the engagement.

Regardless of whether a financial plan was provided on a complimentary basis as part of our Portfolio Management service or as a stand-alone service, Adam Anderson, President and Chief Compliance Officer, Blake Anderson (Investment Advisor), or Matthew Murdock (Investment Advisor) of WealthGuard Advisors, will review financial plans as needed, depending on the arrangements made with you at the inception of your advisory relationship to ensure that the advice provided is consistent with your investment needs and objectives. Refer to *Item 13- Review of Accounts* for further information.

All financial planning and advisory consulting engagements are expected to be completed within 6 months of inception. We do not require you to pay fees six or more months in advance and in excess of \$1,200. Should any such engagement last longer than 6 months between inception and completion of the requested services, any pre-paid unearned fees will be promptly returned to the client less a pro-rata charge for bona fide advisory services rendered to date.

**\*\* Note: Hourly fees charged to Utah clients will not exceed \$150 per hour.**

*Termination:* Our Financial Planning and/or Consulting services are typically one time engagements unless the contract specifies that it will include on-going planning or consulting services. You may terminate your advisory agreement for financial planning and/or financial consulting services with us by providing written notice to our firm. You will incur a pro-rata charge for services rendered prior to the date of termination of the agreement charged at the lesser of our current rate of \$200 per hour or the agreed upon hourly rate (such pro-rata fee shall not under any circumstances exceed the contracted fixed fee amount, if applicable). If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees payable by check or wire transfer to the client's name.

### **Selection of Other Advisers**

Our recommendation to use third party money managers ("TPMM") are included in our portfolio management fee (see tier schedule above). We do not charge you a separate advisory fee for the selection of other advisers. Any fees that you pay to the TPMM are established and payable in accordance with the Form ADV Part 2 ("Disclosure Brochure"). These fees may or may not be

negotiable. You will receive the TPMM's Disclosure Brochure prior to engaging the TPMM for services and should review the TPMM's Disclosure Brochure for information regarding its fees and services. You will be required to sign an agreement directly with the TPMM. The TPMM will manage the assets on a discretionary basis and will charge fees based on a percentage of your assets under management determined by WealthGuard as well as any additional fees such as administrative and maintenance fees. Higher or lower fees may be available through other advisers not utilizing third party money management programs.

The TPMM will bill each account for the advisory fees and any administrative/maintenance fees and will forward advisory fees to WealthGuard. Fees are billed and payable, monthly in arrears, based on the balance at end of billing period. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **State of California Required Disclosures**

While our firm endeavors at all times to offer clients specialized services at reasonable costs, the fees charged by other investments advisers for comparable services may be lower than the fees charged by our firm.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, as a fiduciary, we are obligated to act in your best interests at all times. Consequently, we will only recommend insurance products that we believe are in your best interest and all compensation we receive will be fully disclosed in the insurance disclosure documents that you will receive before you agree to any purchase thereof.

You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals including high net worth individuals, charitable organizations, pension and profit sharing plans, and corporations or other businesses.

In general, we require a minimum account balance of \$100,000 to open and maintain an advisory account. At our discretion, we may waive the minimum account balance.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

*Risk:* Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

*Risk:* The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

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

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

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

*Risk:* The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

*Risk:* Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

*Risk:* If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option Writing** - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor

sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

*Risk:* Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

**Trading** - We may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Frequent trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

*Risk:* When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

**Third Party Money Managers** - WealthGuard Advisors introduces clients to third party money managers ("TPMMs") who provide discretionary management of individual portfolios. TPMMs use model portfolios based on their information, research, asset allocation methodology and investment strategies. TPMM's review portfolios on a regular basis and re-balance them as needed in order to maintain the agreed-upon weighting of asset classes.

*Risk:* As the TPMM's strategies and methods may vary widely, they may include the risks noted above in a fundamental analysis or others specific to their methods. Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. *It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.*

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities or third party money managers. We may replace/recommend replacing a third party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client

accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. WealthGuard Advisors will assist clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a client will meet their investment goals. Each client engagement will entail a review of the client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a client's account. WealthGuard Advisors shall rely on the financial and other information provided by the client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the client to inform WealthGuard Advisors of any changes in financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each client in advance of investing client accounts. WealthGuard Advisors will work with each client to determine their tolerance for risk as part of the portfolio construction process.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

- *Liquidity Risk:* The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.
- *Credit Risk:* Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.
- *Inflation and Interest Rate Risk:* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.
- *Horizon and Longevity Risk:* The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

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

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of

security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

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

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the market place and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

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

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

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

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any



combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match the Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

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

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Warrants:** A warrant is a derivative (security that derives its price from one or more underlying assets) that confers the right, but not the obligation, to buy or sell a security – normally an equity – at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. Warrants that confer the right to buy a security are known as call warrants; those that confer the right to sell are known as put warrants. Warrants are in many ways similar to options. The main difference between warrants and options is that warrants are issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months. Warrants do not pay dividends or come with voting rights.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

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

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

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

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

The option trading risks pertaining to options sellers are:

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

Other option trading risks are:

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

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

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Arrangements with Affiliated Entities

One of our IARs, Matthew Casey Murdock, owns The Bristlecone Approach, Inc., a tax preparation and tax filing firm. If you require accounting services, we may recommend that you use the services of The Bristlecone Approach. Our advisory services are separate and distinct from the compensation paid to The Bristlecone Approach for their services. This firm is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization. There is no compensation by either party for referrals.

Referral arrangements present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend the firm's services and our investment advisor representative may benefit from the referral. We mitigate this conflict by acting in the best interest of our clients. And, while we believe that compensation charged by the firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend and may obtain comparable services and/or lower fees through other firms.

### Licensed Insurance Agents

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These individuals will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these individuals are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### Recommendation of Other Advisers

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

We have no other active or pending financial industry activities or affiliations to disclose relating to futures commission merchants, commodity pool operators, commodity trading advisors, or any associated persons of the foregoing entities.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services.

We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Charles Schwab & Co., Inc. Advisor Services**

Charles Schwab & Co., Inc. Advisor Services provides WealthGuard Advisors with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For WealthGuard Advisors client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to WealthGuard Advisors other products and services that benefit WealthGuard Advisors but may not benefit its clients' accounts. These benefits may include national, regional or WealthGuard Advisors specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of WealthGuard Advisors by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist WealthGuard Advisors in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for

multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of WealthGuard Advisors's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of WealthGuard Advisors's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to WealthGuard Advisors other services intended to help WealthGuard Advisors manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to WealthGuard Advisors by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to WealthGuard Advisors. WealthGuard Advisors is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Charles Schwab & Co., Inc.. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### **Portfolio Management Reviews**

Adam Anderson, President and Chief Compliance Officer, Blake Anderson (Investment Advisor), or Matthew Murdock (Investment Advisor) of WealthGuard Advisors will monitor your accounts on an ongoing basis and will conduct account reviews at least annually to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be

conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events, and/or, changes in your risk/return objectives. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

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

### **Licensed Insurance Agents**

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

### **Referral Arrangements**

Matthew Casey Murdock is an owner of The Bristlecone Approach, Inc., a tax preparation and tax filing firm. Clients of WealthGuard Advisors are occasionally referred to Mr. Murdock. Occasionally, Mr. Murdock refers clients to WealthGuard Advisors. There is no compensation by either party for referrals. The services provided by Mr. Murdock at Bristlecone Approach, Inc. are separate and distinct from any advisory services provided by WealthGuard Advisors, Inc. Mr. Murdock's involvement with The Bristlecone Approach, Inc. may create a conflict of interest to his provision of advisory services through WealthGuard Advisors, Inc. due to the time commitment and there may be an incentive for clients of WealthGuard Advisors, Inc., to utilize the services of The Bristlecone Approach, Inc.

We may retain third parties to act as solicitors/promoters for our investment management services. Compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. We will ensure each solicitor/promoter is properly exempt or registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with the Advisers Act, where applicable.

We compensate SmartAsset as a lead generator for advisory referrals. SmartAsset complies with the SEC Promoter rules and regulations. IA will provide data to SmartAsset that may match certain clients with the services of IA. Compensation will be paid by IA for referrals, and the fee for referrals will be properly disclosed to any potential clients of IA in accordance with the Promoter Agreement entered into between the parties.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.



We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Depending on the arrangements made at the inception of the engagement, we may either manage your portfolio directly or we may engage one or more third-party money managers ("TPMM") to actively manage your portfolio. In that case, the TPMM will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM and/or reallocate your assets to other TPMM where we deem such action appropriate.

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.



## Item 19 Requirements for State-Registered Advisers

We are registered with the United States Securities and Exchange Commission and therefore this section is not applicable.

## Item 20 Additional Information

### Trade Errors

WealthGuard has adopted policies and procedures which are intended to identify and address trade errors. Trade errors can include but are not limited to executing trades: in the incorrect account, for an incorrect quantity, for an incorrect price, for an incorrect security, incorrect trade allocation, and/or as a result of an incorrect instruction/order. Should the trade error result in a gain, we may use the gain to: offset the trade error loss, allow the client to keep the gain, or donate the gain to charity. If the trade error results in a loss, we will make the client whole by reversing or otherwise as appropriate correcting the error, or by crediting the account for any loss. We will not benefit or profit from trade errors.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.

- b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
- 2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
- 3. Our strategy may have higher risk than the option(s) provided to you in your plan.
- 4. Your current plan may also offer financial advice.
- 5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
- 6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
- 7. You may be able to take out a loan on your 401k, but not from an IRA.
- 8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
- 9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
- 10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.