

*This brochure provides information about the qualifications and business practices of Waterstone Financial Advisory LLC. If you have any questions about the contents of this brochure, please contact us at (239) 288-0977 or by email at: [waterstonefs@gmail.com](mailto:waterstonefs@gmail.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 Waterstone Financial Advisory LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Waterstone Financial Advisory LLC's CRD number is: 325012*

# Waterstone Financial Advisory LLC

## Form ADV Part 2A – Firm Brochure

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 01/25/2024

## Item 2: Material Changes

Waterstone Financial Advisory LLC has the following material changes to report. Material changes relate to Waterstone Financial Advisory LLC's policies, practices or conflicts of interests.

- Waterstone Financial Advisory LLC has updated their Assets Under Management (Item 4E).
- Karly Ann Young is now the chief compliance officer (Item 4).
- Add other changes

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Waterstone Financial Advisory LLC (hereinafter "WFA") is a Limited Liability Company organized in the State of Florida. The firm was formed in January 2023, and the principal owner is James Stuart Gallagher. Karly Ann Young is the now the firm's chief compliance officer.

### B. Types of Advisory Services

#### Investment Management Services

WFA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. After reviewing your situation in depth, WFA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Clients are advised to promptly notify the firm if there are changes in their financial situation or investment objectives. If a client wishes to impose a reasonable restriction or mandate on the management of their accounts, it will be at WFA's sole discretion, that the conditions will not materially influence the performance of a portfolio strategy or prove burdensome to its management efforts.

WFA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of WFA's economic, investment or other financial interests. To meet its fiduciary obligations, WFA attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios. It is WFA's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Investment Management services can be provided by means of third-party managers, or by custom internal management defined as Advisor as Strategist:

#### 1. Third Party Managers

AssetMark Advisory Platform. – WFA has entered into a sub-advisory relationship with AssetMark, an investment adviser registered with the U.S. Securities and Exchange Commission. Through this relationship clients can utilize the AssetMark investment platform to access various third-party investment solutions, including specialized tactical strategy portfolios, diversified baskets of exchange traded funds, indexing mutual funds, portfolios of individual equity securities, or strategists specializing in other alternative styles.

AssetMark provides WFA with research, due diligence, and a curated list of the various third-party managers that have been fully vetted, rated for their expertise, categorized for their trading style, and are monitored by the AssetMark investment team.

WFA will remain responsible for determining the client's investment objectives and whether one or more of the available managers is best suited to meet the designed investment objective of a specific account. The third-party strategist selected for an account is then responsible for the discretionary management of those assets.

## 2. Custom Management – Advisor as Strategist

A client may choose to have a specific account managed in a way that cannot be provided by the diversified choices available through the AssetMark platform. This typically is driven by the clients desire to retain a certain set of equities or focus on an allocation that is a narrower in scope. The tax management of an account may also lead to a recommendation by WFA to enter into an Advisor as Strategist arrangement. The account is managed by WFA on a discretionary basis based on your financial situation, investment objectives and risk tolerance. We actively monitor the account and make investment decisions regarding buying, selling, reinvesting, or holding securities, cash, or other investment.

By the nature of potentially being less diversified, or having a narrower scope, these accounts may have a higher risk rating than a similar Third-Party Manager. This will be considered in the overall household risk planning and allocation.

## Financial Planning

Financial plans and financial planning may include but are not limited to creating a structured income plan; developing savings targets; tax optimization; risk mitigation; wealth transfer strategies; college planning; and estate planning. Because investing involves varying degrees of risk, our advice will only be recommended when consistent with a client's stated investment objectives, risk tolerance, liquidity needs, and suitability.

Financial Planning Services include the initial creation and formulation of a personal financial plan, with recommendations and comparative scenarios as necessary. It also includes the ongoing tracking of your progress in achieving the personal financial goals targeted in the plan. The scope of the financial planning is defined in advance and documented using a Financial Planning Agreement. Fees for Financial Planning Services are defined below under Item 5- *Fees and Compensation*.

The Financial Planning process typically begins with the collection, organization, and assessment of relevant client data, including information concerning your lifestyle, risk tolerance and cash flow, as well as identification of your financial concerns, goals, and objectives. The primary objective of this process is to assist you in developing possible scenarios and a strategy for the successful management of income, assets, and liabilities. To help achieve this objective, we may provide education, explain the merit of possible solutions, as well as perform ongoing validation to the attainment of plan benchmarks.

### Services Limited to Specific Types of Investments

WFA generally limits its investment advice to fixed income securities, equities, and ETFs. WFA may use other securities as well to help diversify a portfolio when applicable.

### Written Acknowledgement of Fiduciary Status

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.

### C. Client Tailored Services and Client Imposed Restrictions

WFA will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by WFA on behalf of the client. WFA may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent WFA from properly servicing the client account, or if the restrictions would require WFA to deviate from its standard suite of services, WFA reserves the right to end the relationship.

### D. Wrap Fee Programs

WFA does not sponsor any wrap fee programs. However, the AssetMark Platform includes "wrap fee" arrangements, meaning that if your assets are invested in an AssetMark Investment Solution, you will pay a fixed fee to AssetMark that includes the management fees, transaction costs, fund expenses, and other administration fees. AssetMark fees vary depending on which AssetMark Investment Solution or Sub-Advisor is applied to your account. Clients do not pay separate transaction fees for individual portfolio trades in the Account when their Account is invested in a AssetMark Investment Solution or another Sub-Advised Portfolio. The wrap fees may be higher or lower than if such services were obtained separately. Generally, wrap programs are relatively less expensive for actively traded accounts. Please see Item 14 for more details. Clients will sign an Account Set-up and Application Form to establish an account on that Platform and will receive the AssetMark Platform Disclosure Brochure describing the wrap program.

## E. Assets Under Management

As of July 01, 2023 WFA has total assets under management of \$170,000,000.00 of which 170,000,000.00 are managed on a discretionary basis.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### Investment Management Fees

The Investment Management fee is comprised of an Advisory Fee and a Platform Fee as defined below. Generally, the Advisory Fee is the component paid to WFA for oversight, allocations, risk determination and strategic direction. The Platform Fee is the component paid to AssetMark and the third-party managers for specific securities selection, rebalancing, tactical trading, and research. The two fees combined will not exceed 1.6% of the value of the account annually.

The investment management fee will be deducted from your account by the Custodian per the AssetMark Client Billing Authorization form on a quarterly basis and will be paid in advance directly to our firm. The Custodian charges your account at our direction and will not verify the accuracy of the investment advisory fees deducted.

#### 1. Advisory Fee

A component of the Investment Management Fees - WFA provides advisory services according to the following tiered fee schedule. These fees are generally negotiable, and the final fee schedule will be memorialized in the client's Investment Advisory Agreement. Clients may terminate the agreement without penalty for a full refund of WFA's fees within five business days of signing the Investment Advisory Contract. The Total Assets Under Management is calculated by combining all the households' assets.

Total Assets Under Management	Annual Fees
\$0 - \$200,000	1.15%
\$200,001 - \$500,000	1.05%
\$500,001 - \$1,000,000	0.95%
\$1,000,001 - \$2,000,000	0.85%
\$2,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$8,000,000	0.60%
\$8,000,001 - and Up	0.45%

## 2. Platform Fee

A component of the Investment Management Fees - clients are also charged a "platform fee" which will range from 0.20% to 0.75%, depending on which of AssetMark's Investment Solutions, and/ or subadvisors that are utilized to manage your accounts. AssetMark provides full disclosure of the applicable fees for the various investment options offered by AssetMark.

The platform fees are also described in the AssetMark Platform Disclosure Brochure that may be provided to the client. The platform fee is charged as a percentage of the client's assets on the platform and is a wrap fee which includes transaction costs.

If the client chooses to have a Custom Trading Strategy created by WFA, a portion of the Platform fee will be paid to WFA for managing that account. This solution is referred to as Advisor as Strategist.

## Financial Planning Fees

The negotiated fixed rate for the creation and ongoing monitoring of the client financial plan is between \$200 and \$2,400 per year. The complexity of the plan, the type of solutions recommended, and the number of different registrations may all impact the determination of this fee.

Clients may terminate the agreement without penalty, for full refund of WFA's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

## B. Payment of Fees

### Payment of Portfolio Management Fees

Asset-based portfolio management fees (both advisory fee and platform fee) are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

### Payment of Financial Planning Fees

Financial planning fees are withdrawn directly from the agreed upon client account(s) with client's written authorization on a quarterly basis. Fees are paid in advance.

## C. Client Responsibility for Third Party Fees

Clients may be responsible for the payment of some third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees). Those fees are separate and distinct from the fees and expenses charged by WFA and AssetMark. Please see Item 12 of this brochure regarding broker-dealer/custodian. Platform fees charged by AssetMark, Inc. are described in the Application Form signed by clients and in the AssetMark Platform Disclosure Brochure provided to clients.

## D. Prepayment of Fees

WFA collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client's account.



## E. Outside Compensation for the Sale of Securities to Clients

Neither WFA nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

WFA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

WFA generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

Add 401 (k) and LLCs

There is no account minimum for any of WFA's services.

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

### A. Methods of Analysis and Investment Strategies

#### Methods of Analysis

WFA's methods of analysis include Cyclical analysis and Fundamental analysis.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### Investment Strategies

WFA uses long term trading.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## B. Material Risks Involved

### Methods of Analysis

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### Investment Strategies

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding

bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities, in particular, are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither WFA nor its representatives intend to be registered as or have pending applications to become a Registered Representative.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither WFA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

James Stuart Gallagher, Karla White, Adam Daniels, and Karly Young are independent licensed insurance agents. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of WFA are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. WFA addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. WFA periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. WFA will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by WFA's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

James Stuart Gallagher is the Owner of Waterstone Financial LLC which is the parent company to Waterstone Financial Advisory LLC.

### D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

WFA has a relationship with AssetMark, Inc., a registered investment adviser, to use the asset allocation and individual account management platform sponsored by AssetMark. Client will sign an Account Set-up and Application Form to establish an account on the platform. AssetMark will not provide any advisory services

to the client account. Client will pay a separate platform fee to AssetMark as described in the Application Form and in AssetMark's Platform Disclosure Brochure provided to the client.

For an asset-based fee, WFA may contract directly with other Third-Party firms, including broker-dealers, to provide advisory consulting services to the clients of those contracted firms. Those services do not include any assumption of discretionary authority over any brokerage accounts and do not include the monitoring of securities positions. WFA's services are limited to advice and analysis.

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

### A. Code of Ethics

WFA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. WFA's Code of Ethics is available free upon request to any client or prospective client.

### B. Recommendations Involving Material Financial Interests

WFA does not recommend that clients buy or sell any security in which a related person to WFA or WFA has a material financial interest.

### C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of WFA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of WFA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. WFA will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of WFA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of WFA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, WFA will never engage in trading that operates to the client's disadvantage if representatives of WFA buy or sell securities at or around the same time as clients.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

In recommending a custodian/ broker- dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. Our clients generally use (and WFA generally recommends) National Financial Services, also known as Fidelity for their accounts when utilizing our asset management services and participating in the AssetMark platform. Fidelity has an affiliated broker-dealer that is a registered broker-dealer, member SIPC, and maintains custody of clients' assets and effects trades for their accounts. WFA is independently owned and operated and not affiliated with Fidelity. Fidelity provides WFA clients with access to reporting and related services and makes various support services available. Potential benefits offered WFA by Fidelity may present a conflict of interest for WFA. However, WFA has chosen Fidelity based on the level of service that it offers to clients and WFA does not believe such conflicts materially influence WFA's recommendations of Fidelity as custodian for its clients.

#### Research and Other Soft-Dollar Benefits

WFA receives no research, product, or services other than execution from broker-dealers or custodians in connection with client securities transactions ("soft dollar benefits").

#### Brokerage for Client Referrals

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

#### Clients Directing Which Broker/Dealer/Custodian to Use

WFA will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

### B. Aggregating (Block) Trading for Multiple Client Accounts

WFA does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## Item 13: Review of Accounts

### A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for WFA's advisory services provided on an ongoing basis are reviewed at least Quarterly by James Stuart Gallagher, President, regarding clients' respective investment policies and risk tolerance levels. We review the investment managers within a third-party platform on an ongoing basis and updates the due diligence annually. All accounts at WFA are assigned to this reviewer.

## B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

For any client who also has an ongoing financial planning agreement, these life changes may be considered, and new scenarios created to optimize the clients situation.

## C. Content and Frequency of Regular Reports Provided to Clients

Each client of WFA's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. WFA may also provide a separate quarterly statement to the client.

Financial plans are updated and validated annually to ensure the long-term robustness of the recommendation being made.

# Item 14: Client Referrals and Other Compensation

## A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

WFA has a relationship with AssetMark, Inc., an SEC registered investment adviser CRD #109018, to use the asset allocation and individual account management platform sponsored by AssetMark. AssetMark, Inc. is notice filed in New York. Client will sign an Account Set-up and Application Form to establish an account on the platform. AssetMark, Inc. will not provide any advisory services to the client account. WFA is encouraged to utilize AssetMark, Inc.'s advisor-directed tools, templates and best practices, or to engage with AssetMark Inc. to provide education and guidance in implementing a growth plan for their business. Certain Financial Advisors can receive an allowance or "growth support" for reimbursement of qualified expenses incurred by the Financial Advisor based on their participation in AssetMark sponsored events, marketing initiatives, or use technology resources and tools. This program creates a financial incentive for Financial Advisors to recommend that Clients invest assets through the AssetMark Platform. Clients will be given AssetMark's brochure which will describe the platform and services of AssetMark, Inc. in greater detail. There is no referral fee received by WFA as the firm's fee is separate from AssetMark, Inc.

## B. Compensation to Non – Advisory Personnel for Client Referrals

WFA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, WFA will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients

will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## Item 16: Investment Discretion

WFA provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, WFA generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, WFA's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to WFA).

## Item 17: Voting Client Securities (Proxy Voting)

WFA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## Item 18: Financial Information

### A. Balance Sheet

WFA neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither WFA nor its management has any financial condition that is likely to reasonably impair WFA's ability to meet contractual commitments to clients.

### C. Bankruptcy Petitions in Previous Ten Years

WFA has not been the subject of a bankruptcy petition in the last ten years.