



## **Western International Securities, Inc.**

### **Form ADV Firm Brochure**

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October 31, 2024

This brochure provides information about the qualifications and business practices of Western International Securities, Inc. ("WIS" or "Western"). If you have any questions about the contents of this Brochure, please contact us at 626-793-7717. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Additional information about WIS is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This section summarizes changes to our Brochure since Western’s last annual updating amendment on March 28, 2024. For additional details, please see the item in this Brochure referred to in the summary below.

### Item 4 – Advisory Business

- Updated disclosures to reflect that Atria Wealth Solutions, Inc. is wholly owned by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

### Item 9 – Disciplinary Information:

- Updated to include information on the July 2024 Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority (“FINRA”) in which FINRA alleges Western failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the suitability requirements of FINRA Rule 2111 as they pertain to excessive trading.
- Updated to include information on the July 2024 Offer of Settlement with the SEC to resolve administrative and cease-and-desist proceedings instituted by the SEC pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940 against Western.
- Updated to include information on the August 2024 Final Judgment entered by the United States District Court for the Central District of California by consent among the SEC, Western, and five Western financial professionals to resolve a Complaint against Western and the five financial professionals alleging violations of Reg BI, specifically in connection with the offering and sale of GWG Holding LLC L bond investments.

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

- Updated to include new financial industry affiliations due to the change in ownership.

### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 626-793-7717 or access our website at [www.wisdirect.com](http://www.wisdirect.com).

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## Item 4 - Advisory Business

### Firm Description

Western International Securities, Inc. (“WIS,” “Western,” “we,” or “us”) was formed in 1995, is a Colorado corporation, and is a wholly owned subsidiary of Concept Brokerage Holding Corporation, a Delaware corporation. Concept Brokerage Holding Corporation is wholly owned by AWS 7, Inc., a Delaware corporation, which is wholly owned by Atria Wealth Solutions, Inc., a Delaware corporation, which is in turn wholly owned by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

WIS is registered as a broker-dealer and investment adviser with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and Securities Investor Protection Corporation (“SIPC”). WIS is also licensed as an insurance agency in 50 states.

Our principal business is providing a full line of services as a registered securities broker-dealer and investment adviser. In our capacity as a broker-dealer, we are involved in the sale of securities of various types including stocks, bonds, mutual funds, options, alternative investments, unit investment trusts (“UITs”), and indexed, registered index-linked, and variable annuities. We do not sell proprietary products.

As of December 31, 2023, WIS had regulatory assets under management of \$3,687,422,987. Of that amount, \$7,746,707 was managed on a non-discretionary basis and \$3,679,676,280 was managed on a discretionary basis.

Our investment advisory services (“Advisory Services”) are made available to clients through individuals associated with WIS as investment adviser representatives (“IARs”). Many IARs are dually licensed (i.e., they are licensed both as IARs and as registered representatives and offer both investment advisory and brokerage services), which, in addition to Advisory Services, allows them to offer commission-based products. Your IAR will disclose to you whether he or she is dually licensed and if there are any limitations on services offered due to registrations and qualifications.

IARs are independent contractors of WIS. IARs and WIS branch offices often use marketing or business names other than WIS. The purpose of using a name other than WIS is for an IAR to create a brand that is specific to the IAR or branch but separate from WIS. IARs who use names other than WIS must disclose on their advertising and correspondence materials that securities and advisory services are offered through WIS.

Our Advisory Services consist of programs sponsored by us, as well as advisory programs available through unaffiliated third-party money managers (“TPMM”). Our Advisory Services are designed to accommodate a wide range of investment philosophies and objectives. This allows our IARs to select the programs that they believe are best suited to meet each client’s individual needs and circumstances. We do not hold ourselves out as specializing in a particular type of advisory service. However, some IARs focus on certain types of advisory services over others.

IARs, subject to WIS’ supervision, can develop their own investment philosophies and strategies. Investment philosophies and strategies can differ considerably between and among IARs even with investment philosophies and strategies that carry the same or a substantially similar name. There

is no guarantee, stated or implied, that a strategy or client's investment goals or objectives will be achieved.

Clients have access to a wide range of securities products, including common and preferred stocks; municipal, corporate, and government fixed income securities; limited partnerships; mutual funds; exchange traded funds ("ETFs"), options, unit investment trusts ("UITs"), direct investment programs; and indexed, registered index-linked, and variable annuity products, as well as a wide range of other products and services including asset allocation services. IARs offer advice on these, and other types of investments based on the individual circumstances of each client.

WIS offers four custodian relationships, National Financial Services LLC ("NFS"), Fidelity Institutional Wealth Services ("IWS"), Schwab Advisor Services ("Schwab"), and Pershing LLC ("Pershing") where client assets are held. WIS will not take custody of client's funds which are designated for an advisory account.

We offer the following advisory programs and services to our clients ("you" or "your"):

- Contour Platform
- Discretionary Investment Management Program (AdvisorOne)
- Third party money manager ("TPMM") programs
- Consulting and financial planning services

### **Contour Platform (Contour)**

Western sponsors the Contour Platform ("Contour"), a discretionary wrap fee investment advisory program that provides IARs access to tools to provide individualized investment management services. Contour is administered through an agreement with Envestnet Asset Management, Inc. ("Envestnet"), an investment adviser registered with the SEC. Western has engaged Envestnet to provide various administrative services to Contour clients as described below. Custody of a client's Contour account assets is maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing and NFS, and any other custodian we choose to make available (hereinafter referred to as "Custodian"). Each Custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations for Contour accounts. Neither Envestnet, Pershing nor NFS is affiliated with Western.

Contour is comprised of four program options: (1) Advisor as Portfolio Manager ("APM"), (2) Fund Strategist Portfolios ("FSP"), (3) Separately Managed Accounts ("SMA"), and (4) Unified Managed Accounts ("UMA"). Your IAR will confer with you to determine your financial needs and objectives and gather your client profile and risk tolerance information to complete a Statement of Investment Selection ("SIS"). The information gathered from the risk tolerance questionnaire ("RTQ") or approved financial planning tool assists in determining the allocation of your assets into an asset allocation model fitting one of seven investment profiles: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, or Aggressive. Your IAR will obtain your written consent to change your investment profile risk tolerance. Your IAR will assist you in selecting one of the four program options listed above. Your IAR will create a proposal ("Proposal") including your investment profile questionnaire responses, selected program option(s), and applicable fees. You, your IAR, and Western will enter into a Contour Platform Account Agreement ("Contour Agreement") outlining your participation in the Platform.

A client opening a Contour account will receive a copy of the Contour Wrap Fee Program Brochure or Form ADV Part 2A Appendix 1, which contains additional information concerning the Contour Platform, wrap fee programs in general, and a disclosure of fees payable by the client.

### **Discretionary Investment Management Programs (AdvisorOne)**

AdvisorOne is an advisor as portfolio manager program that offers IARs the ability to implement a fee-based asset management program using a large selection of investments, including no load and load-waived mutual funds, general securities (stocks, bonds, and options), and other investments to help achieve a client's investment objectives, all within one consolidated account. Each IAR has his or her own research techniques and investment strategies that apply to the creation of investment portfolios designed to help achieve a client's investment goals.

Custody of a client's AdvisorOne account assets are maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing, NFS, Schwab, and any other custodian we choose to make available. Each custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations. Custodians are not affiliated with Western.

Transactions are implemented on a discretionary basis. Transactions for client accounts are executed independently, unless an IAR decides to purchase or sell the same securities for several clients at approximately the same time, in which case an IAR might (but is not obligated to) combine or "batch" orders to obtain the best execution and to equitably allocate among clients the difference in price that might have been obtained had such orders been placed independently. When combined or batched, transaction prices and costs are averaged and allocated among an IAR's clients in proportion to the purchase and sale orders placed for each client's account on any given day.

During any month in which there is activity in an account, a client will receive a monthly account statement from the client's custodian showing account activity and positions in the account at month-end. A client receives a confirmation of each transaction that occurs within the account. Upon request, a client will be provided with any additional trade information required by SEC Rule 10b-10. Clients also receive a detailed quarterly performance report at the discretion of the IAR and an annual tax reporting statement from the account custodian for taxable accounts and transactions.

### **Third-Party Money Manager ("TPMM") Programs**

Western provides its IARs and clients with access to a number of TPMM programs and platforms for use by IARs that provide clients the opportunity to receive the investment management expertise of a diverse set of advisers that specialize in different asset classes and investment styles and use different portfolio management techniques including asset allocation strategies, mutual fund and ETF models, separately managed account (SMA) programs, unified managed account (UMA) programs, wrap fee services, and other types of managed portfolios such as tax harvesting and tax efficiency strategies, risk management strategies, and dynamic and tactical portfolios. Some programs are more or less aggressive as compared to other programs. Some programs also have higher or lower fees and expenses than other programs. These programs are sponsored by the TPMMs and are offered through co-adviser agreements, solicitor/referral arrangements, and

other types of agreements between Western and a TPMM. Many TPMMs sponsor a broad range of investment programs.

When acting in a co-advisory capacity, Western and a TPMM are jointly responsible for the ongoing management of your account. Depending on the agreement between Western and a TPMM and based on the information provided by a client, an IAR will refer a client to or assist the client in selecting a TPMM who offers products and services that demonstrate an investment philosophy and style that appear to align with the needs of the client. A client is asked to provide detailed financial and other pertinent data to the IAR. An IAR helps a client determine the client's risk tolerance, investment goals, and other relevant guidelines. Factors we consider in the selection of a particular TPMM include (a) our assessment of a TPMM, (b) your investment experience, risk tolerance, goals, objectives, and restrictions, and (c) the assets you have available to invest. There is no guarantee that a client's goals or investment objectives will be achieved by any specific program, please see Item 8 below for additional information on risks of loss.

After an IAR assists a client in selecting a suitable TPMM program, client assets are then either invested in the strategy or model or the TPMM begins to allocate the client's assets in the investment portfolio. The IAR provides initial and continuing education and information regarding the program selected. The IAR will also explain rebalancing guidelines utilized within the program and meet with a client periodically to discuss changes to the client's financial circumstances.

In certain circumstances an IAR acts purely in a solicitor or referral capacity when referring you to a TPMM. Under these arrangements, an IAR assists a client in identifying the client's objectives and refers the client to a TPMM according to the client's stated objectives. The client typically enters into an agreement directly with the TPMM and the client's funds are invested by the TPMM. The IAR monitors the performance of the TPMM and coordinates communication between the client and TPMM. An IAR does not actively participate in the execution of any securities transactions for a client's TPMM account and does not have authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker-dealer to be used for the purchase or sale of securities in the client's TPMM account. Western and your IAR are compensated for referring you to the TPMM program. This compensation generally takes the form of the TPMM sharing a portion of the advisory fee you pay to the TPMM. When Western acts as a solicitor for a TPMM program, you will receive a written solicitor disclosure statement describing the nature of our relationship with the TPMM program, if any; and the terms of our compensation arrangement with the TPMM program, including a description of the compensation that your IAR and Western will receive for referring you to the TPMM program. For more information, please see Item 14 below.

Please consult the applicable TPMM's agreement for further information, including information on the capacity in which Western acts for a particular program. Clients should refer to a TPMM's Form ADV Part 2, or equivalent brochure, for a full description of the terms and conditions of their services and fees.

TPMMs are subject to our due diligence process for inclusion as a TPMM and are subject to future change from time to time. Please consult your IAR for information regarding available TPMMs.

The services of a number of SMA Managers, Sub-Managers, and Model Providers we make available can be accessed through different platforms and programs including programs sponsored by us such as Contour, as well as through TPMM programs. Your advisory fee will vary depending

on the platform or program selected to access the SMA Manager, Sub-Manager, or Model Provider. We have a financial incentive to recommend programs that generate more fees to us. Most TPMM programs, as well as our sponsored program, Contour, are considered “wrap fee” programs. A wrap fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee programs, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and certain custodial and administrative costs. Clients should refer to the client agreement, fee schedule, and TPMM brochure for their program for details on what the wrap fee covers.

The total fees you pay to access a particular SMA Manager, Sub-Manager, or Model Provider through the Contour platform can be more or less than the combined fees charged by the TPMM, Western, and your IAR for a TPMM program that offers the same SMA Manager, Sub- Manager, or Model Provider through a co-advisory relationship. You should consider the aggregate fees charged on a particular platform and the services available when choosing a platform and investment manager and discuss with your IAR the platform and program pricing relative to a specific TPMM, SMA Manager, Sub-Manager, or Model Provider for additional details.

TPMM s have differing minimum account requirements and a variety of fee ranges. All securities are selected, and transactions are executed by the third-party money manager. Your IAR will contact you periodically to review your financial situation, objectives, and restrictions and communicate information to the TPMM; and assist you in understanding and evaluating the services provided by the money manager. Each TPMM maintains its own separate execution, clearing, and custodial relationships except for certain accounts as detailed below. Western and the IAR share in a portion of the fee paid to the TPMM for its services.

Since the TPMM services provided by each sponsor are unique, clients should request and carefully review the applicable disclosure brochure, client agreement, and other account paperwork for each TPMM for more detailed information about the services provided by a TPMM, including without limitation, a description of the TPMM’s background, investment strategies, fees, custody arrangements, conflicts of interest, and other relevant information regarding the TPMM’s services and business practices. Clients may obtain a copy of a TPMM’s disclosure brochure from their IAR or by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

A complete list of TPMMs available through Western is available upon request.

### **Other TPMM Programs**

As mentioned above, each TPMM typically maintains its own separate execution, clearing, and custodial relationships. Western offers the below scenarios where the TPMM is leveraging Western as the introducing broker-dealer for the TPMM account. Western receives compensation from the programs offered through the clearing agents and program sponsors. Fees are billed on a monthly or quarterly basis, according to the fee schedules noted in the client agreement, based on the fair market value of a client’s portfolio as reported by the independent custodian at which your assets are held. Western receives compensation from the respective custodians for assets maintained with the programs. This compensation is based on a percentage of the amount invested in the program.

#### *Managed 360*

Managed 360 is offered through Pershing and includes services for performance reporting,



proposal systems, contracting and support, clearance and custody, and trade execution. Accounts maintained through Managed Account Command are managed on a discretionary basis by investment managers not affiliated with Western. The program offers customized investment allocations based on a client's goals and objectives.

#### *Managed Account Solutions ("MAS")/ Envestnet*

MAS/Envestnet provides an investment platform of integrated portfolio, practice management and reporting solutions to financial advisors and institutions. The platform encompasses a broad range of institutional-quality research, investment products and advisory resources. The program offers clients an opportunity to maintain a customized investment portfolio composed of mutual funds and/or exchange-traded funds. The portfolio is managed in one of two ways,

(1) by a select group of asset managers who are not affiliated with Western, based on model investment allocations they determine and (2) by a Western investment adviser, based on allocations determined by the adviser. Envestnet offers several options including, mutual fund wrap program, separate managed accounts, portfolio modeling and rebalancing and asset allocation.

The Program Fee includes execution, clearing, custody, and WIS, Envestnet and Custodian fees. The Program Fee is assessed in each of the program options and is nonnegotiable. WIS receives a portion of the Program Fee as compensation. The amount of compensation is available upon request. We use the revenue to support certain marketing, training, and educational initiatives.

Please refer to the Wrap Agreement Disclosure form for additional information.

#### *Sub-Advisor*

Western offers the ability for an investment adviser to utilize sub-advisers to assist in the management of client assets. These sub-advisers are not affiliated with Western and are designated to assist in the implementation of a client's investment strategies. Sub-advisory accounts are deemed to be managed on a discretionary basis by the sub-adviser(s), which are designated by Western's IAR assigned to the account. The sub-adviser is identified in the Investment Advisory Service Agreement and clients are provide a copy of the sub-advisers ADV Part 2A. The investment adviser delegates to the sub-adviser all of its powers with regard to the investment and reinvestment of the assets with full authority to buy, sell, or otherwise conduct investment transactions involving the assets in the client's name and for the client's account. Western and/or your IAR can change the sub-adviser to align the client's risk tolerance and investment objectives.

Western pays the sub-adviser a portion of the total client fee collected for the service as outlined in the agreement between Western and the sub-adviser. For example, a client signs an Investment Advisory Service Agreement stating the total management fee paid by the client is 1%. The investment adviser selects a sub- adviser to assist with the management of the assets. The cost for the sub-adviser's services is .30%. This cost is included in the total fee paid by the client. Therefore, the client is not charged an additional management fee for the sub-advisory relationship.

#### **Financial Planning/Consulting Services**

Financial planning services are designed to help the client with all aspects of financial planning and sometimes do not include ongoing investment management after the financial plan is completed.

The financial plan can include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

To the extent that a recommendation is made to implement the plan through other products or services offered by WIS, a conflict of interest can exist between the interests of Western and the interest of the client. The client is under no obligation to act upon the IAR's recommendations. If the clients elect to act on any recommendations, the client is under no obligation to affect the transactions through the investment adviser or WIS.

All investment programs involve risk and there is no guarantee that using our Financial Planning Agreement will produce positive results. Please review the information and statements contained in the particular financial plan presented. If a client wishes to implement the recommendations contained in a financial plan, it is recommended that the client work closely with his or her attorney, accountant, insurance agent or securities adviser.

### **IRA Rollover Considerations**

If you decide to roll assets out of a retirement plan into a Western advisory individual retirement account ("IRA"), Western and your IAR have a financial incentive to recommend that you invest those assets in one of our programs, because Western and your IAR will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those you pay through your plan, and there can be custodial and other maintenance fees.

The following fiduciary acknowledgement applies only when our IAR (i) provides investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs, and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA.

When we provide investment advice to you regarding your retirement plan account or IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, Western, or the IAR.

## **Item 5 - Fees and Compensation**

This section provides information concerning fees and compensation for investment advisory services and programs available through Western. Additional information regarding fees and compensation for the Contour Program wrap fee offering offered by Western can be found in the

## Contour Brochure.

Western and our IARs are compensated for our services by charging an advisory fee. Advisory fees are typically calculated as a percentage of assets under management. Fees vary based on the type of advisory service provided to a client. The actual fee is disclosed prior to the client signing the agreement. The advisory fee is shared between your IAR and Western. Although platform fees and third-party money manager fees are generally non-negotiable, your IAR can negotiate his or her advisory fee.

Specific program fees are discussed below. The fee charged can be higher or lower than a program's listed fees depending on a client's unique circumstances. The fee charged by Western is established in the client's written agreement with Western. Depending on the program selected, fees will be billed on a monthly or quarterly basis in advance or arrears. All fees are specified in the client agreement, which typically authorizes the custodian to directly deduct the advisory fees from a client's account.

Certain advisory programs offer the ability to "household" eligible accounts for a lower fee-schedule. Householding involves aggregating your accounts for fee calculation purposes, which can help you qualify for a lower fee. A household is generally a group of accounts having the same address of record or same Social Security number. Households are established through the IAR and must be requested by the client. Neither Western nor our IARs are responsible for identifying eligible accounts. A client is responsible for determining if they have eligible accounts and ensuring those accounts remain eligible. Western and our IARs earn higher fees if clients elect not to household eligible accounts where available. Clients should discuss the program fee and any potential fee reduction available through householding with their IAR.

Advisory fees are charged to clients of Western's various advisory platforms in exchange for account management, investment advice, consultation, and other advisory services offered under the platforms. Advisory fees are separate and distinct from fees and charges imposed on clients by custodians, brokers (including Western), TPMMs, and other third parties, such as fees charged by managers, transaction fees, custodial maintenance fees, fees and taxes on brokerage accounts and securities transactions, and underlying mutual fund fees and expenses paid to mutual funds and other investment product companies. Some common transactions that include associated processing fees and charges include trading, transfers, distribution of funds, systematic investments and withdrawals, and mutual fund exchanges. Many different circumstances can cause fees and charges to vary account by account. Some of these circumstances include the type of security being traded and dollar amount and/or share quantity of the trade. Custodial fees vary between custodians and the type of account. For instance, some types of retirement accounts carry higher custodial maintenance fees than others.

Clients are charged fees for specific account services within an AdvisorOne or Contour account, including for: outgoing transfers, wired funds, stop payments, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA maintenance and termination. See "Other Fees and Expenses" below.

The costs associated with an advisory account may be more than the costs associated with a traditional brokerage account arrangement where a client pays a commission for each transaction but does not receive ongoing advice, this is particularly true for clients that intend to have a low

number of transactions or follow a buy-and-hold approach. If you intend to follow a buy-and-hold investment strategy or do not wish to receive ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than an advisory account.

In advisory accounts, a client is paying for ongoing investment advice from an IAR. An IAR recommending an advisory account to a client receives a portion of the advisory fee as a result of the client's participation in an advisory program. In some circumstances, this compensation will be more than what the IAR would receive if the client had a brokerage account through Western. If compensation would be more in recommending an advisory account than a brokerage account, an IAR has a financial incentive to recommend advisory programs or services over brokerage programs or services. Notwithstanding that conflict of interest, Western and our IARs take their responsibility to clients seriously and will recommend an advisory program or service to a client only if it is reasonably believed to be in the client's best interest.

The amount of compensation an IAR can receive varies between advisory programs and services, therefore, an IAR has a financial incentive to recommend an advisory program or service that permits the IAR to charge higher compensation over another advisory program or service where the IAR's level of compensation is less. Recommendations for specific advisory programs or services are made based on an IAR's best judgment based on the information a client provides to the IAR.

### **Contour Platform Fees**

Contour is a wrap fee program where no transaction charges apply, and a single fee is paid for all advisory services and transactions. The fees for participation in Contour are based on an annual percentage of your platform assets. The total fee is comprised of three components: (a) a program fee, (b) an advisory fee, and (c) if applicable, a manager(s) fee. The manager fee applies in the FSP, SMA, and UMA programs, but no manager fee is included in the APM program.

The total fee is billed and collected monthly or quarterly in advance as noted on the SIS. For accounts billed quarterly, the total fee is calculated at the beginning of each calendar quarter based on the fair market value of your platform assets, including money market funds, interest, and reinvested dividends in the account, on the last business day of the prior calendar quarter. For accounts billed monthly, the Total Fee is calculated at the beginning of each month based on the fair market value of your platform assets, including money market funds, interest, and reinvested dividends in the account, on the last business day of the prior calendar month. The Custodian determines fair market value for fee calculation purposes.

Fees are automatically deducted from your account, or from another billable account as directed by you. The first payment is prorated based on the number of calendar days in the billing period. If you invest or withdraw \$10,000 or more in the account after the first day of a billing period, a prorated fee or rebate is calculated on each eligible deposit or withdrawal with adjustments applied the subsequent month. If an account is terminated prior to the end of a billing period, a pro rata portion of the total fee will be reimbursed to you. The fees deducted, including the dates and amounts, are reflected on the statements sent by Custodian. You should review those statements and the fees deducted. Any questions on the fees deducted from your account should be directed to your IAR, or you may contact us at the number on the cover page of this Brochure.

The advisory fee compensates your IAR for assisting in the design, implementation, and ongoing monitoring of your investment plan. The advisory fee is negotiated between you and your IAR but will not exceed 2.25% in APM and 2.00% in FSP, SMA and UMA, except that in connection with fees for annuity subaccount management in APM, the advisory fee will not exceed 1%. The fee charged depends upon a number of factors including the amount of the assets under management, the nature and extent of other account relationships between you and your IAR, the nature and complexity of the model portfolios, and other factors that the IAR deems relevant. The fee you negotiate may be different than the fees your IAR negotiates with other clients or the fees other IARs negotiate with other clients for similar services.

The program fee includes execution, clearing, custody, and Western, Envestnet, and Custodian fees. The program fee is assessed in each of the program options and is non-negotiable.

Manager fees apply in the FSP, SMA, and UMA. The manager fee in the SMA and UMA varies by the selected SMA Manager, Sub-Manager, or Model Provider and ranges between 0.00% and 0.75% of your platform assets. In the UMA, if your account has more than one Model Provider or Sub-Manager, the effective Manager Fee will be a blend of all Model Providers' and/or Sub-Managers' fees weighted by the dollar amount invested in each Model Portfolio. SMA Managers or Model Providers who charge no, or a nominal fee are typically compensated by advisory fees from the proprietary funds the SMA Managers or Model Providers include in their models. In the FSP, the Manager Fee ranges from 0% to 0.50% depending on the portfolio selected. Manager Fees are non-negotiable.

An additional charge of up to 10 basis points (0.10%) will be added to your program fee if you elect certain tax management services, ESG or socially responsible screening, or other portfolio customization described in the SIS. This charge is paid to the investment manager or the "overlay manager" that applies the tax screening to your investments.

For complete fee details including account fee schedule guidelines, please see the Contour Wrap Fee Program Brochure.

### **Discretionary Investment Management Programs (AdvisorOne) Fees**

The maximum annual asset management fee that may be charged for AdvisorOne is 3.00%. Based on the fee schedule chosen, fees are billed in advance or arrears of each calendar month or quarter based on the value of the account at the close of business on the last business day of the ending month or quarter. Initial fees for new accounts are calculated on a pro-rata basis for the remainder of the initial month or quarter based on calendar days. To pay the fee, funds will be deducted from the account. Western will review and evaluate, on a case by case basis, requests from clients to receive an invoice and pay their fee directly rather than from their accounts. An IAR can negotiate their advisor fees.

Custody and clearing services are provided by Pershing, NFS, Fidelity IWS and Schwab. Western reserves the right to designate, from time to time, other clearing and custody arrangements. Custody of funds and securities is maintained by the clearing firms and not by Western.

In addition to the asset management fees noted above you will pay transaction charges for all trades effected in an AdvisorOne account. We markup the transaction charges that Pershing and

NFS charge us for accounts custodied with Pershing and NFS, which is a source of additional revenue for Western. Although there are a number of factors considered in determining which custodian to use, there are scenarios where the transaction charges associated with trades in an account custodied at Pershing and NFS are higher than the transaction charges for an account custodied at Schwab or other custodians. The more transactions a client enters into, the more compensation we receive. This represents a conflict of interest due to the fact that we have a financial incentive to establish AdvisorOne accounts with Pershing and NFS rather than Schwab or other custodian because of the additional revenue we receive. This revenue, however, is retained by Western and is not shared with your IAR, so your IAR does not have a financial incentive to recommend you open an AdvisorOne account custodied with Pershing or NFS rather than Schwab or another custodian or to engage in frequent transactions.

When negotiating the advisory fee with your IAR, your IAR may choose to pay the transaction fees associated with your account for you. This decision to pay transaction fees on your behalf may be based on a variety of factors such as the level of trading in your account, the size of your account, and your overall relationship with the IAR. You should discuss fees you will pay with your IAR to make an informed decision regarding the fees you will pay for the services provided.

Please refer to the Discretionary Investment Management Agreement for a detailed schedule of transaction fees as well as information on whether your IAR pays these fees.

An advisory agreement can be terminated for any reason by either a client or Western effective upon receipt of written notice of such termination by the parties. A client will receive a prorated refund of any unearned, pre-paid monthly or quarterly account fees based upon the number of business days remaining in the month or quarter after the termination date.

### **Other Fees and Expenses**

Custodians and Western charge certain processing fees on purchases or sales of certain stocks, bonds, options, mutual funds, and exchange-traded funds. IRA accounts are charged an annual maintenance fee by the custodian. There is a conflict of interest in recommending a client to the third-party custodians who have agreed to share in these fees.

Transaction or ticket charges associated with the execution of trades are paid by the client in addition to management fees. The Investment Management Agreement details the amount of ticket charges by the client. By signing the Investment Management Agreement, the client acknowledges and agrees to these fees. Clients are not obligated to sign the Investment Management Agreement. Transaction or execution charges for fixed-income securities, including but not limited to corporate, government, government-agency, and municipal bonds are also separate charges paid by the client in addition to management fees. The amount of any remuneration received by Western for the execution of any transaction is available upon request. The transaction charges or ticket charges paid by the client account are considered compensation to WIS. Because Western earns a portion of these fees, there is a conflict of interest in recommending transactions through third party custodians who have agreed to share in the fees. Clients that receive physical confirmations and statements of activity will pay a fee for the delivery of documents. Please refer to the Account Fee Schedule published in the disclosure section of our website for a detailed schedule of brokerage costs ([wisdirect.com/disclosures/](http://wisdirect.com/disclosures/)).

It is the client's responsibility to carefully review account statements and fee deductions since the

custodian does not determine the accuracy of fees deducted from the account and paid to WIS. The services offered by Western may cost clients more or less than purchasing the same securities and/or services separately and/or through other investment advisers. Alternatives at lower costs may be available through other brokerage firms or investment advisers.

Western reserves the right to pass on charges imposed by the clearing agent (the firm through which client funds are maintained and clearance of transactions occurs). Western receives direct and indirect forms of compensation as a result of fees charged, including, but are not limited to, transaction charges and IRA and qualified retirement plan fees,

Western requires its IARs to select the lowest cost share class available when recommending a purchase, sale or hold of a mutual fund or money market fund and/or for mutual fund or money market fund positions held in advisory client accounts. Western will attempt to convert Class A, B or C share mutual fund holdings in an advisory account to adviser or institutional class shares where available. In the event a tax-free conversion is unavailable or does not occur, 12b-1 fees received in fee-based accounts will be credited to the client's account.

Western and its advisers receives direct and indirect forms of compensation related to the sale of securities or other investment products to clients. The receipt of this type of compensation presents a conflict of interest and gives us an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to WIS.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

No-load funds may be available which do not assess a commission or sales charge (unlike "load" funds). A client may be able to invest directly in the mutual fund's shares and other investments without incurring the fees charged by Western and may also purchase investment products that are recommended through other brokers or agents not affiliated with Western.

Exchange Traded Funds generally charge annual expenses for the services. Therefore, if the portfolio invests in exchange traded funds, the stated price includes the annual expense charged for the fund.

### **Past Due Accounts and Termination of Agreement**

WIS reserves the right to stop work on any account that is more than 30 days overdue in payment. In addition, WIS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in WIS's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

The client can terminate their fee-based relationship any time via written request. Upon receipt of any request to terminate, fees will be refunded on a pro rata basis (i.e., if client terminates in the middle of a quarter, he will only pay for the number of days he was under contract and a balance

will be refunded). For example, if a client paid advisory fees of \$500.00 at the beginning of the quarter and transferred their account out midway through the quarter, WIS would refund the client half of the advisory fees paid during the period.

WIS IARs may own an interest in or buy or sell for their own accounts the same securities, which may be purchased or sold in the accounts of advisory clients. These activities can create a potential conflict of interest.

In all cases, client orders are given priority over orders for associates of WIS. In no case shall an associated person receive a better price or more favorable circumstances than a client. IARs seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients. Policies and procedures have been adopted to prevent the misuse of material non-public information and to detect and prevent insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients. Western monitors the personal transactions of associated persons regularly to ensure that client interests are put first in all relevant circumstances.

### **Wrap Fee Program versus Non-Wrap Fee Program**

We offer asset management services through both wrap fee (such as Contour) and non-wrap fee programs.

#### *Wrap Fee Programs*

A wrap fee program is defined as an advisory program in which a client pays a single, specified fee for portfolio management services and trade execution. We receive a portion of the investment advisory fee you pay when you participate in any of the wrap fee programs we offer. Wrap fee programs are not suitable for all investments needs and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon. The benefit of a wrap fee program depends, in part, upon the size of an account, the types of securities in the account, and the expected size and number of transactions likely to be generated. Generally, wrap fee accounts are less expensive for actively traded accounts. For accounts with little or no trading activity, a wrap fee program may not be suitable because the wrap fee could be higher than fees in a traditional brokerage or non-wrap fee advisory account where you pay a fee for advisory services plus a commission or transaction charges for each transaction in the account. You should evaluate the total cost for a wrap fee account against the cost of participating in another program or account.

#### *Non-Wrap Fee Programs*

Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs assess trade execution costs that are in addition to the investment advisory fees. There are two separate types of fees. We charge an investment advisory fee for our advisory services and another fee ("ticket charge") is charged for each transaction (purchase, sale, or exchange) for accounts held at Custodian.

Western maintains policies and procedures to ensure the recommendation of a specific account type is reasonably believed to be in your best interest. There is no guarantee that the Advisory Services offered will result in your goals and objectives being met. Nor is there any guarantee of



profit or protection from loss. No assumption can be made that an advisory fee arrangement or portfolio management service of any nature will provide a better return than other investment vehicles. Advisory programs are not suitable for all investment needs, and any decision to participate in a wrap fee or non-wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. You should evaluate the total cost for participating in a particular advisory program in consultation with your IAR.

### **Financial Planning/Consulting Services**

Compensation for consulting services is structured as a fee that is negotiable at the discretion of your IAR depending upon a number of factors including, the amount of the assets being reviewed, the nature and extent of account relationships between Western and its affiliates with you, the type and complexity of services requested, and other factors that your IAR deems relevant. Fee options include:

- Flat fee billing for one-time services, with or without an initial retainer;
- Recurring billing for ongoing services with fees collected monthly, quarterly or semi-annually in arrears or in advance; or
- Billing at an hourly rate collected upon completion of services.

The maximum hourly charge is \$500 per hour and the flat rate fee generally ranges from \$0 to \$20,000.

### **Third Party Money Manager (TPMM) Programs**

Compensation for TPMM programs is generally provided to Western and an IAR in exchange for introducing clients to a TPMM. Compensation can also be in exchange for the initial and continuing education and information that Western and the IAR provide regarding the TPMM program selected. Compensation is usually a fixed percentage of the fees charged by a TPMM to the clients introduced by Western or the IAR. The fees paid by a client are based on assets under management. Additional fees for other services provided by a TPMM, such as custody and transaction fees, can be charged by a TPMM. Specific information about the services provided and the fees associated with the services is contained in a TPMM's Form ADV Part 2 or similar disclosure brochure and client agreement. A client should carefully review the TPMM's Form ADV Part 2 or brochure to fully understand all services to be provided, as well as the fees and expenses that are associated with those services, to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a client can get a refund; (4) what conflicts of interest exist with respect to a client's participation in the program; (5) how a client can terminate an advisory contract before its expiration date; and (6) if fees are negotiable.

TPMMs can impose a minimum dollar value of assets or other conditions for starting or maintaining accounts. Minimum account sizes are determined by the TPMM, not Western.

## Item 6 - Performance-Based Fees

Advisory fees based upon a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as “performance-based fees.” Western does not permit IARs to accept performance-based fees. Western does not engage in side-by-side management.

## Item 7 - Types of Clients

### Description

WIS generally provides investment advice to individuals, high net-worth individuals, pension and profit-sharing plans, charitable organizations, and corporations and other business entities. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Depending on an IAR’s registrations and qualifications, and a client’s preferences and needs, our IARs provide advisory services, brokerage services, or both.

Client relationships vary in scope, size and length of service.

### Account Minimums

Western, through its IARs, offers investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, and corporations and other business entities. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Depending on an IAR’s registrations and qualifications, and a client’s preferences and needs, our IARs provide advisory services, brokerage services, or both.

The minimum initial account size for AdvisorOne is \$25,000. The minimum account size for these programs can be waived at Western’s discretion. TPMM advisory programs also require minimum investment amounts that vary by program. We do not require a minimum asset amount for Financial Planning/Consulting Services.

The initial minimum account size for the Contour programs is listed below.

<u>Contour Program</u>	<u>Minimum</u>
Advisor as Portfolio Manager	\$25,000
Fund Strategist Portfolios	As low as \$2,000
Separately Managed Accounts	\$100,000
Unified Managed Accounts	\$100,000

The initial Contour account minimum can, however, be waived at Western’s discretion, considering various factors. Such factors include length of client relationship, or combined values of other household/family member accounts, or other pertinent facts. In the SMA program, should the SMA Manager require a higher minimum, the higher minimum will apply. In the UMA program, the minimum account size for each model style is determined by the Model Provider or Sub- Manager.

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

### **Methods of Analysis**

Security analysis methods include, but not limited to, charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

### **Investment Strategies**

Western advisers rely on various tools to assist in the process of developing investment strategies. The investment strategies used on client accounts include, but not limited to, strategic asset and tactical allocation methods. A tactical approach involves an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. The strategic allocation is a portfolio strategy that involves periodically rebalancing the portfolio in order to maintain a long-term goal for asset allocation.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a client account agreement that documents their risk tolerance, time horizon, and their desired investment objective.

Other strategies can include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies), depending on the client's risk tolerance, time horizon and investment objectives.

For accounts with TPMM, each account at the TPMM will have its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered. This information can be viewed from the TPMM Form ADV Part 1 and 2A provided at the time the agreement is entered into, or online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Western and its advisers can provide investment advice concerning various types of investments, including but not limited to, equity securities (stocks), corporate debt securities (bonds), CD's, municipal bonds, options, mutual funds, exchange- traded funds, limited partnerships.

### **Risk of Loss**

Investing in any type of security involves risk of loss that you should be prepared to bear. Western does not guarantee the performance of an account or any specific level of performance.

Market values of the securities in an account will fluctuate with market conditions. When an account is liquidated, it may be worth more or less than the amount invested.

There is no guarantee that a client's investment goals or objectives will be achieved. All securities are subject to some level of risk which could cause the value of your securities to decrease in value, and in some cases, could result in a loss of your entire investment. The following are some types

of risk that could affect the value of your portfolio:

- **Market risk:** The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- **Business risk:** Whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- **Interest rate risk:** If the Federal Reserve pushes interest rates higher, the market prices of bonds can be affected. When interest rates rise, the market price of bonds typically falls.
- **Inflation risk:** Inflation reduces the buying power of a dollar, and could cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.
- **Regulatory risk:** Legislative, regulatory, and/or judicial changes that impact businesses can drastically change entire industries.
- **Industry/company risk:** These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in profitability than an electric company, which generates its income from a steady stream of clients who buy electricity no matter what the economic environment is like.
- **Liquidity risk:** Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- **Opportunity risk:** You or your IAR may choose a conservative product to invest in, which could cause you to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns can cause you to lose a significant amount of principal invested in higher risk securities when their funds could have been invested in lower risk securities.
- **Reinvestment risk:** There is a possibility that you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- **Currency or exchange rate risk:** Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of your portfolio to fluctuate.
- **Transactional cost risk:** You could incur significant transactional charges in an unbundled, actively traded account. Frequent trading can decrease the value of your account due to increased brokerage and transaction costs. In addition, the frequent trading can cause taxable events to occur, which could increase your tax burden.
- **Short sale risk:** While a short position has unlimited capability to increase in value, it in turn

increases your risk, as you can be required to purchase the security at a high rate or price in order to cover the short sale.

- **Exchange-Traded Funds:** ETFs face market trading risks, including the potential lack of an active market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."
- **Leveraged and inverse ETFs:** ETFs that offer leverage or that are designed to perform inversely to the index or benchmark they track—or both—are growing in number and popularity. While such products may be useful in some sophisticated trading strategies, they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for clients who plan to hold them for longer than one trading session, particularly in volatile markets.
- **Interval Funds:** Interval funds provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that a client will be able to sell all their shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- **Environmental, Social, and Governance ("ESG") strategies:** The implementation of ESG strategies could cause an account to perform differently compared to accounts that do not use such strategies. The criteria related to certain ESG strategies can result in an account foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities to comply with ESG guidelines when it might be otherwise disadvantageous to do so. In addition, an increased focus on ESG or sustainability investing in recent years may have led to increased valuations of certain issuers with higher ESG profiles. A reversal of that trend could result in losses with respect to investments in such issuers. There can be no assurance that an ESG strategy directly correlates with a client's ESG goals, and ESG data is not available with respect to all issuers, sectors or industries and is often based upon estimates, comparisons or projections that may prove to be incorrect. As a result, a client account with ESG guidelines could nonetheless be invested in issuers that are inconsistent with the client's ESG goals.
- **Structured Products:** A structured product is an unsecured obligation of an issuer with a return, generally paid at maturity, that is linked to the performance of an underlying asset, such as a security, basket of securities, an index, a commodity, a debt issuance or a foreign currency. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment. There may be little or no secondary market for the securities and information regarding independent market

pricing for the securities may be limited. A structured product may contain a call feature that can result in the investment being redeemed earlier than the stated maturity date. If a structured product is called prior to maturity, the payment you receive will depend upon the stated terms of the investment. If a structured product is called, you may not be able to reinvest the proceeds in a similar investment with similar risk and return characteristics.

- **Money Market Mutual Funds:** While money market mutual funds seek to preserve a net asset value of \$1.00, during periods of severe market stress, a money market mutual fund could fail to preserve a net asset value of \$1.00 and/or could no longer be a viable business for the fund sponsor, which would force the sponsor to liquidate. It is possible to lose money by investing in a money market mutual fund.
- **Credit risk:** The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- **Options:** Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- **Global risk:** International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.
- **Cybersecurity risk:** WIS relies on the use and operation of different computer hardware, software, and online systems. The following risks are inherent in such programs and are enhanced for online systems: unauthorized access to or corruption, deletion, theft, or misuse of confidential data relating to WIS and its clients; and compromises or failures of systems, networks, devices, or applications used by WIS or its vendors to support its operations. Investors should be aware that investing in securities involves a risk of loss, including the entire investment amount. Frequent trading of an account can impact and reduce the overall rate of return in the account through increased brokerage charges and transaction costs, tax implication, and deviation from asset allocation objectives.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

## **Item 9 - Disciplinary Information**

### **Legal and Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Western or the integrity of Western's management.

Western is a broker-dealer in addition to its activities as a registered investment adviser. In connection with its broker-dealer business, Western has been the subject of certain regulatory actions, some of which Western has determined to be immaterial. Others are summarized below:

- In September 2014, WIS was censured and fined \$80,000 by FINRA for failing to maintain and preserve certain electronic communication records in 2008. In addition, the firm did not maintain adequate written procedures to determine if investment adviser activity was an outside securities activity.
- In February 2018, WIS was censured and fined \$125,000 by FINRA and ordered to pay \$521,098.10, plus interest, in restitution to customers for transactions related to inverse and leveraged Exchange Traded Funds.
- In July 2019, WIS was censured and fined \$75,000 by FINRA for transactions related to purchases of mutual funds in ERISA accounts.
- In May 2020, WIS was censured and fined \$325,000 by FINRA for failing to timely disclose liens, judgments, and bankruptcies on its registered representatives' Forms U4.
- In January 2021, WIS was censured and fined \$20,000 by FINRA for effecting opening transactions in a stock option contract that resulted in a client holding a position in the security that exceeded the applicable position limit for the particular options position.
- In October 2022, WIS was censured and fined \$400,000 by FINRA and ordered to pay \$471,401.57, plus interest, in restitution to customers for failing to establish, maintain, and enforce a supervisory system, including written supervisory procedures, in connection with recommendations in non-traded Real Estate Investment Trusts and failed to report client complaints and arbitrations pursuant to FINRA Rules.
- On July 29, 2024, Western entered into an Acceptance, Waiver and Consent with FINRA in which FINRA alleges Western failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the suitability requirements of FINRA Rule 2111 as they pertain to excessive trading. As a result, Western failed to reasonably respond to trading in approximately 100 accounts that were potentially excessive and unsuitable. By this conduct, Western violated FINRA Rules 3110 and 2010. The firm consented to a censure, a fine of \$475,000, payment of restitution to eight customers in the aggregate amount of \$1,057,632.70, plus interest, and placed five identified registered representatives on heightened supervision.
- On July 30, 2024, Western submitted an Offer of Settlement to the SEC to resolve administrative and cease-and-desist proceedings instituted by the SEC pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940 against Western. Without admitting or denying the findings, Western consented to the entry of an Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order"). In the Order the SEC alleges that Western violated Rule 15L-1(A)(1) ("Reg BI") under the Exchange Act. The SEC alleges that from July 2020 through July 2021 a former financial professional of Western employed a risky day trading strategy in 19 brokerage accounts of his customers. The trading strategy, which involved

the purchase and sale of options contracts, was not in the best interest of these customers, several of whom had moderate to conservative risk profiles. This trading strategy resulted in the customers paying approximately \$1.27 million in commissions and more than \$62,000 in other transaction charges. The SEC alleges that Western failed to enforce its policies and procedures designed to achieve compliance with Reg BI. Western agreed to cease and desist from committing or causing any violations or future violations of Reg BI and a censure and agreed to pay a fine of \$140,000.

- On August 28, 2024, the United States District Court for the Central District of California entered a Final Judgment by consent among the SEC, Western, and five Western financial professionals to resolve a Complaint against Western and the five financial professionals alleging violations of Reg BI, specifically in connection with the offering and sale of GWG Holding LLC L bond investments. Without admitting or denying the allegations of the Complaint, Western consented to the entry of a judgment which permanently restrains and enjoins Western and the five financial professionals from violating Reg BI and ordered Western to pay disgorgement of \$34,468 plus prejudgment interest in the amount of \$2,000.63 and a civil penalty of \$160,000.

Western, as a broker-dealer, is regulated by each of the 50 States and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving Western and our IARs, clients should refer to Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck® at <https://brokercheck.finra.org>.

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

### **Financial Industry Activities**

WIS is registered as a securities broker-dealer with both the SEC and FINRA. Securities transactions executed on a non-advisory, commission basis will be processed through WIS as a brokerage transaction. Commissions earned on securities products will be paid the adviser as listed in the prospectus. The adviser is prohibited from transacting securities business away from Western without prior written approval from Western. This relationship creates a conflict of interest because Western IARs must place their client's business through Western, which generates additional revenue for Western. Lower cost alternatives are available through other resources and clients are under no obligation to do business with Western.

### **Affiliations**

WIS is registered as a broker-dealer and as an investment adviser with the SEC. WIS is a member of FINRA and SIPC. WIS is also licensed as an insurance agency in all states.

WIS is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc. (Atria). WIS has the following financial services affiliates.



Cadaret Grant & Co., Inc.	Broker Dealer, Registered Investment Adviser and Insurance Agency
CFS Insurance and Technology Services, LLC	Insurance Agency
CUSO Financial Services, LP	Broker Dealer & Registered Investment Adviser
Fiduciary Trust Company of New Hampshire	Banking or Thrift Institution
Grove Point Advisors, LLC	Registered Investment Adviser
Grove Point Investments, LLC	Broker Dealer & Insurance Agency
LPL Enterprise, LLC	Broker Dealer, Registered Investment Adviser, and Insurance Agency
LPL Financial LLC	Broker Dealer, Registered Investment Adviser, and Insurance Agency
LPL Insurance Associates, Inc.	Insurance Agency
NEXT Financial Group, Inc.	Broker Dealer, Registered Investment Adviser and Insurance Agency
NEXT Financial Insurance Services Company (NFISCO)	Insurance Agency
SCF Investment Advisors, Inc.	Registered Investment Adviser
SCF Securities, Inc.	Broker Dealer & Insurance Agency
Sorrento Pacific Financial, LLC	Broker Dealer, Registered Investment Adviser, and Insurance Agency
The Private Trust Company, N.A.	Banking or Thrift Institution

Certain of our executive officers and directors and/or employees also serve as officers and/or directors of Hamilton Grant, LLC, an unaffiliated entity.

### **Conflicts of Interest as Broker-Dealer and Insurance Agency**

Western is dually registered as both a broker-dealer and as a registered investment adviser and is also a licensed insurance agency. Most of our IARs are registered with us as a registered representative, which allows them to perform brokerage services for you by executing securities transactions. Each IAR is an independent contractor with Western. In their capacity as registered representatives, IARs offer securities and receive commissions as a result of such transactions. There is a conflict of interest when an IAR is able to choose between offering a client fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is typical of a brokerage relationship). There is a difference in how Western and your IAR are compensated for advisory accounts and brokerage accounts or insurance products. While a client pays a fee to their IAR on an advisory account based on the value of account assets and not the number of transactions, in their capacities as registered representatives, an IAR can offer securities and receive a commission, markup, or markdown on each transaction. To mitigate this conflict, we review our client accounts and transactions to ensure that we have a reasonable basis to believe the recommended services and transactions are consistent with a client's stated goals, objectives, preferences, and needs.

Western's registration as a broker-dealer is material to our advisory business because advisory accounts are custodied with Pershing and NFS, third-party custodians, where we act in our capacity as an introducing broker-dealer. This results in additional forms of compensation to Western which are discussed in this brochure. See Item 12 – Brokerage Practices – Clearing Relationships, and Item 14 – Client Referrals and Other Compensation – Indirect Compensation and Revenue Sharing.

Many of our IARs are also licensed insurance agents appointed with various insurance companies. An IAR can be contracted and appointed as an independent insurance agent or as an insurance agent with Western. Acting in the capacity of an insurance agent, IARs can sell annuities and insurance products to advisory clients and earn commissions for these transactions.

Clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through Western or its affiliates. Clients are free to implement recommendations through any broker-dealer or advisory firm. If you request that an IAR recommend a broker-dealer, the IAR will recommend Western; however, you are under no obligation to effect transactions through us.

### **An IAR's Outside Business Activities**

Our IARs are independent contractors and can engage in certain approved outside business activities other than providing brokerage and advisory services through Western, and in certain cases, an IAR receives more compensation, benefits, and non-cash compensation through an outside business activity than through Western. This creates a conflict of interest because IARs may have an incentive to spend more time and attention on other ventures than on managing your account. Some of our IARs are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some refer clients to other service providers and receive referral fees. As an example, an IAR could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third-party administration to retirement plans through a separate firm. If an IAR provides investment services to a retirement plan as our representative and also provides administration services to the plan through a separate firm, this typically means the IAR is compensated from the plan for the two services. In addition, an IAR can sell insurance through an insurance agency not affiliated with Western. In those circumstances, the IAR is subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products and would have different conflicts of interest than when acting on behalf of Western. When an IAR receives compensation, benefits, and non-cash compensation through the third-party insurance agency, the IAR has an incentive to recommend you purchase insurance products away from Western. If you contract with an IAR for services separate or away from Western, you should discuss with them any questions you have about the compensation they receive from the engagement. Additional information about a IAR's outside business activities is available on FINRA's website at [brokercheck.finra.org](http://brokercheck.finra.org).

### **Conflicts of Interest with Independent Registered Investment Advisers**

In addition to or in lieu of their capacity as an IAR of Western, certain IARs have their own independent registered investment adviser firms (an "Independent RIA"). An IAR of an Independent RIA can have three different but concurrent roles:

- As a registered representative with Western who receives commissions for effecting securities transactions;
- As an IAR of Western who receives a fee for rendering Advisory Services on behalf of Western; and
- As an IAR of an Independent RIA who offers advisory services outside of Western.

You should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and can impair the objectivity of these IARs when making advisory recommendations.

If your IAR is associated with an Independent RIA, this will be disclosed on your IAR's Part 2B of Form ADV. Depending on the terms negotiated, your IAR can retain a higher percentage of the

advisory fee for services provided through an Independent RIA than would be retained when services are provided through Western. You should ask your IAR if purchasing services through an Independent RIA would result in increased costs to you. You are not obligated to purchase recommended investment products from our IARs or their Independent RIAs.

### **Conflicts of Interest as an Insurance Agency**

Western is licensed as an insurance agency. An IAR can offer through Western or through an independent insurance agency. When acting in the capacity of an insurance agent, IARs can effect transactions in insurance products for clients and earn commissions for these activities.

The fees paid to Western for advisory services are separate and distinct from the insurance commissions earned by Western and/or its insurance agents. You are under no obligation to use Western or its insurance agents for insurance services and can use the insurance firm and agent of your choosing.

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

### **Code of Ethics**

The employees of WIS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

This code of ethics ("Adviser Code") is intended to reflect fiduciary principals that govern the conduct of WIS and its supervised persons in those situations where WIS acts as an investment adviser as defined under the Advisers Act in providing investment advice to clients ("advisory clients"). It consists of an outline of policies regarding several key areas: standards of conduct and compliance with laws, rules and regulation, protection of material non-public information and personal securities trading. It also consists of specific information and guidance that is provided in company-wide policies and procedures, including the WIS Written Supervisory Procedure Manual (WSP) and the WIS IA Policies and Procedures Manual (IAPP).

WIS does not engage in principal trading for client accounts (Western does not buy or sell securities for or from clients for its own inventory).

WIS advisers may own an interest in or buy or sell for their own accounts the same securities, which may be purchased or sold in the accounts of advisory clients. These activities can create a potential conflict of interest.

In all cases, client orders are given priority. In no case shall an associated person receive a better price or more favorable circumstances than a client. IARs seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients. Policies and procedures have been adopted to prevent the misuse of material non-public information and to detect and prevent insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients. Personal transactions of associated persons are regularly

monitored to ensure that client interests are put first in all relevant circumstances. Cross transactions between clients require written approval and acknowledgement from each client.

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

WIS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. This prohibition is explicitly forbidden in WIS's written policies and procedures and monitored for compliance.

### **Personal Trading**

The Compliance Department and designated branch supervisors of WIS review employee trades each business day. These personal trading reviews ensure that the personal trading of employees does not affect the markets and those client transactions receive equal treatment. Transactions are entered into the trading system, specifically into the client's account. For transactions that are executed in large volumes, Western's trading desk will execute the transactions and provide an average price for all the shares. Each client receives the average price for the transaction.

## **Item 12 - Brokerage Practices**

### **Selecting Brokerage Firms**

Western does not maintain custody of your assets. We require that our clients use Schwab, NFS, IWS, or Pershing, as the qualified custodian ("Custodians"). We are independently owned and operated and not affiliated with the Custodians. Custodians will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While Western recommends that you use one of the Custodians, you will decide whether to do so and open your account with the Custodian through Western by entering into an account agreement. If you do not wish to place your assets with the Custodian's, then we cannot manage your account.

WIS does not have any affiliations with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Western considers many factors in determining the custodial relationship, including transaction costs; trade execution, clearance and settlement capability; efficiency of brokerage operations; proven integrity; and financial responsibility of the firm and the best execution of orders at reasonable commission rates. WIS is a registered broker-dealer with FINRA.

Western is registered as a broker-dealer with the SEC and provides various services as an introducing broker-dealer for which it is compensated by a commission or ticket charge. Western is compensated when client securities transactions are executed through Western. Clients pay ticket charges for transactions executed through custodians or Western as noted in the clients' Investment Management Agreement. However, if an Advisory Service client maintains a brokerage account with Western, in its capacity as a broker-dealer, they can incur higher transaction costs in the form of commissions or ticket charges than if their accounts were held elsewhere. Western will receive compensation for transactions maintained and executed through investment programs sponsored by custodians, margin debit balances, credit balances, transition cost credits, and other administrative fees. Western receives portion of the interest paid by clients on margin balances.

Advisory clients do not pay higher interest as a result of this revenue to Western, however, the receipt of this income presents a conflict of interest because the additional revenue incentivizes the firm to recommend a margin account.

Certain clearing firms, NFS and Pershing, pay transfer credits to Western in connection with assets that transferred to Western from other firms. Not all clearing firms pay credits to Western. These incentives to Western create a conflict to recommend the custodians that pay Western the credits. Western, at its discretion, selects which of its clients receiving credits to offset any charges imposed by the delivering firm. Western does not reimburse all accounts for transfer costs the client incurred even if Western received a credit. WIS has a disincentive to terminate the clearing arrangements with NFS or Pershing because WIS would be required to refund transfer cost credits received in some circumstances to the clearing agents.

In addition, various other custodial, transaction, and account administration related fees or charges assessed or received by Western include amounts for the role we fill in assisting with servicing of client accounts. This includes fees paid for account maintenance, account transfer/termination fees, fees charged for wire transactions, margin lending (client accounts that maintain margin or loans to borrow money to buy investments), debit or credit balances, handling of securities, returned checks, shipping expenses, and account administration. Each of these fees is charged to the client and paid, at least in part, to Western.

Other investment advisory firms may not require their clients to direct business to a particular firm, and in doing so may be able to achieve more favorable execution and pricing for client transactions. Clients are under no obligation to open accounts with custodians recommended by Western.

In Contour, SMA Managers, Sub-Managers, or Envestnet, as Overlay Manager, can elect to execute trades at broker-dealers other than Custodian for some or all of their transactions or investment styles. This is frequently referred to as “trading away” or “step out trades”. Clients who select such managers will be subject to any transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that are imposed by the executing broker-dealer in addition to the total fee and the other fees described in the applicable wrap fee brochure. The Form ADV Part 2A for the applicable manager should be consulted for additional information.

### **Clearing Relationships**

NFS and Pershing are the clearing firms for Western’s brokerage business and are custodial options for its accounts.

NFS and Pershing charge Western for certain account services for accounts custodied with NFS and Pershing (including advisory accounts), including clearing and executing transactions, outgoing transfers, wired funds, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA custodial maintenance and termination. Western sets its own price for its services, which are designed to cover its costs of doing business (including overhead and other costs) as well as provide for a profit to Western. Western charges clients more for certain services than it pays NFS and Pershing, which is sometimes called a “markup,” and the markups vary by product and the type of service and can be substantial. Western keeps the difference between the fees and charges our clients pay and the amount paid to NFS and Pershing to cover the costs associated with processing transactions and providing other services.

Our clearing relationships with NFS and Pershing provide us with certain economic benefits and compensation by using ourselves as the broker-dealer for our advisory programs that would not be received if we used an unaffiliated, third-party broker-dealer for our advisory programs. For example, we add a markup certain other brokerage-related account charges and fees that are assessed to all client accounts at NFS and Pershing. The additional compensation we receive creates a significant conflict of interest with our clients because we have a substantial economic incentive to use NFS and Pershing as the clearing firm for trade execution and custody over other firms that do not share compensation with us. The revenue and compensation we receive from NFS and Pershing is related to both advisory and brokerage accounts custodied on the NFS and Pershing platform. Our IARs do not receive any portion of this compensation.

Western receives compensation from the custodians in the form of credits or miscellaneous fees. Fees earned by Western, including account transfer fees, international foreign custodian charges, Gold and Platinum Account annual fees, hard to borrow fees and short interest fees. The fee is generally a percentage of the fees charged to the client and is shared between the custodian and Western. Western's clearing agents charge Western for transactions, including the execution of buy and sell orders, money or securities movements and transfers, account transfers, as noted above. Western imposes a markup on the charges applied by the clearing agents. Western imposes fees on transactions even if the custodian does not impose a fee to Western, including fees to wire funds or account transfers to another firm. Alternatives are available through other firms to obtain similar services from another financial institution that are impose lower fees.

For assets in the Contour program, Western pays a recurring fee to NFS and Pershing based on a percentage of the aggregate assets invested by advisory clients, excluding certain investments, such as alternative investments. When the assets in the Contour program custodied at NFS or Pershing increase, the fee we pay decreases. This creates a conflict of interest for Western as we have an incentive to recommend advisory clients use NFS or Pershing as a custodian over other custodians and to recommend that you increase the amount you have invested in your Contour account.

Clearing firms pay or share with Western the following items:

- For accounts in custody with Pershing with cash balances automatically transferred (swept) into the Dreyfus Insured Deposits P – Tiered Rate Product (DIDP) program, a portion of the fees paid by each participating bank receiving swept funds (each a “Program Bank”) equal to a percentage of the average daily deposits at the Program Banks. The combined fee paid to WIS, Pershing, and a third-party administrator will not exceed 4% per year on the average daily balances held in all deposit accounts taken in the aggregate. WIS sets the amount of the fee it charges and retains, which may exceed the amount of interest paid to clients;
- For IRA accounts in custody with Pershing with cash balances automatically transferred (swept) into the Dreyfus Insured Deposits LF – Level Fee Product (DILF), a level monthly fee for each IRA that participates in the DILF program. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System as detailed in the DILF Disclosure Statement and Terms and Conditions for the Level Fee Product located at [wisdirect.com/disclosures](http://wisdirect.com/disclosures). The per account monthly fee will be no less than \$0.58 and no more than \$20.59. It is generally anticipated that the fee

WIS charges will be offset by the total amounts paid to WIS by Program Banks. If WIS does not receive sufficient payments each month from Program Banks, WIS reserves the right to debit each IRA account for the amount of any shortfall;

- For brokerage accounts in custody with Pershing that have not been converted to either the Dreyfus Insured Deposits P - Tiered Rate Product (DIDP) or Dreyfus Insured Deposits LF – Level Fee Product (DILF) programs, a portion of the revenue Pershing receives from uninvested client cash balances in such accounts automatically swept into money market funds and FDIC insured bank deposit products of up to 0.60% of the value of cash balances. These payments vary based on the bank deposit account or money market fund a client has selected;
- For accounts in custody with NFS with cash balances automatically transferred (swept) into the Bank Deposit Sweep Program (BDSP) or Bank Deposit Sweep Program FDIC Eligible (SPFEQ), a portion of the fees paid by each participating bank receiving swept funds (each a “Program Bank”) equal to a percentage of the average daily deposits at the Program Banks. The combined fee paid to WIS and NFS will not exceed more than a maximum of the Federal Funds Target Rate plus 0.25% as determined by the total deposit balances at all of the Program Banks over a 12-month rolling period. WIS sets the amount of the fee it charges and retains, which may exceed the amount of interest paid to clients;
- For IRA accounts in custody with NFS with cash balances automatically transferred (swept) into the Insured Sweep Program (ISP), a level monthly fee for each IRA that participates in the ISP program. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System as detailed in the NFS Sweep Program Disclosure Document and WIS Sweep Program General Terms and Conditions at [wisdirect.com/disclosures](http://wisdirect.com/disclosures). The per account monthly fee will be no less than \$0.25 and no more than \$22.63. It is generally anticipated that the fee WIS charges will be offset by the total amounts paid to WIS by Program Banks. If WIS does not receive sufficient payments each month from Program Banks, WIS reserves the right to debit each IRA account for the amount of any shortfall;
- For brokerage accounts in custody with NFS that have not been converted to either the Bank Deposit Sweep Program (BDSP), Bank Deposit Sweep Program FDIC Eligible (SPFEQ), or Insured Sweep Program (ISP), a portion of the revenue NFS receives from uninvested client cash balances in such accounts automatically swept into money market funds and FDIC insured bank deposit products of up to 0.50% of the value of cash balances. These payments vary based on the bank deposit account or money market fund a client has selected;
- For brokerage accounts in custody with NFS where a client has elected to opt out of the automatic sweep programs described above, interest and income revenue on free credit balances. For ERISA advisory accounts where WIS receives revenue, it donates the revenue to charity;
- Transition assistance in the form of (a) reimbursement of IRA termination fees of up to \$165 per account for a retirement account transferred to clearing agent and up to \$125 per retail account for retail accounts transferred to clearing firm, or (b) a payment based on the value

of assets transitioned, or (c) some combination of fee reimbursements and a payment based on the value of assets transitioned;

- A growth assistance credit to support, service, and grow brokerage assets on the Custodian's platform;
- A portion of certain account services and custodial fees charged to client accounts that exceeds the amount that WIS is required to pay Custodian for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, trade costs, credit balances, money market rebates, retirement account maintenance fees, and margin interest and/or fees;
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their no transaction fee program; and
- A rebate of a portion of clearing charges paid for equity and ETF transactions if the volume of transactions exceeds a certain number each month.

#### *FundVest Focus® No Transaction Fee (NTF) Mutual Fund Program*

In the FundVest Focus® NTF mutual fund program (FundVest), Western is eligible to receive through a contractual agreement with Pershing, 100% of 12b-1 fees paid by participating mutual funds, and for participating mutual funds that do not pay 12b-1 fees, up to 40% of FundVest service fees paid by participating mutual funds to Pershing for FundVest assets over a threshold amount that are held in the aggregate in clients' brokerage and advisory accounts. Our receipt of a portion of the FundVest service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Pershing that is shared with Western over other mutual funds that do not pay these fees. To mitigate this conflict, we do not share these fees with IARs and we do not require or incentivize our IARs to recommend FundVest funds. We credit all 12b-1 fees we receive to clients' advisory accounts.

Most FundVest mutual funds have higher internal expenses than mutual funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost mutual funds are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of \$50 which will be charged to your account. Further information regarding mutual fund fees is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

#### *Margin Accounts*

In certain situations, Western permits clients to establish a margin account pursuant to an agreement entered with the custodian. Margin allows a client to borrow money to buy additional



investments by using existing investments as security collateral. In addition, margin allows a client to withdrawal funds from an account and pledge securities owned in the account as collateral. In these situations, Western receives compensation from the custodian in the form of margin rebates that typically amounts to a percentage of the total margin interest charged to clients by the custodian. Clients should carefully read the margin disclosure statement provided by the custodian outlining risks related to margin prior to considering this type of arrangement.

Margin loans are provided by the custodian of record and charged an interest rate, which Western markups above the custodian's margin rate to cover risks associated with trading on margin.

Western has an incentive for accounts to maintain margin balances, because Western receives additional compensation in the form of margin interest sharing. The recommendation regarding the use of margin creates a conflict for Western, because it could influence the advice provided to advisory clients regarding the merits of using margin in an investment account in excess of the amount that would otherwise be recommended.

#### *LoanAdvance Program*

You can participate in Pershing's LoanAdvance program which enables clients to collateralize certain investment accounts to obtain secured loans. In LoanAdvance, you are charged a rate of interest that is a floating rate not more 3 percentage points above the Fed Funds Target Rate as published in The Wall Street Journal, plus 200 basis points. We receive compensation in an amount by which the interest rate is marked up over this rate and share it with your IAR. Western and our IARs have an incentive to recommend that clients borrow money rather than liquidating some of their account assets so that we and our IAR can continue to receive advisory fees on those assets. This results in additional compensation in connection with a client's advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

#### *Securities Lending*

You are able to enroll in Pershing's Fully Paid Securities Lending program, which enables qualified clients to lend fully paid-for securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with you, Western, and your IAR. Western and your IAR share in 5% of the revenue received. The receipt of this extra compensation creates a conflict in certain advisory programs in which your IAR acts as the portfolio manager. The conflict surrounds whether this extra compensation would cause your IAR to hold a security in your account that would have otherwise been liquidated but not for receipt of additional compensation. This conflict is mitigated by our requirement that investment decisions made by your IAR must be in your best interest, as well as the fact that if an account holds these positions, your IAR's compensation will increase nominally, but the security will also generate income for your account. Not all accounts or clients qualify for this program.

We also offer NFS's Fully Paid Securities Lending program, which enables qualified clients to lend fully paid - for securities to NFS. NFS earns revenue from lending these securities and a portion of that revenue is shared with you, WIS and your IAR. WIS and your IAR share in 43% of the revenue received. We have an incentive to encourage clients to hold a security in their account rather than liquidate it so that we and our IARs can continue to receive compensation.

IARs who are registered representatives of Western also receive commissions from Western in their separate capacity as registered representatives of Western in connection with the sale of financial products they recommend. Receiving such commissions creates a conflict of interest for the IAR and our firm. Accordingly, we monitor and supervise these activities to ensure recommendations of financial products are suitable based upon your financial needs, investment objectives, and risk tolerance.

### **Pershing Cash Sweep**

WIS, through Pershing, offers a cash sweep program to automatically move (sweep) uninvested cash balances held in brokerage accounts custodied with Pershing into either an interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit account through a Dreyfus Insured Deposits Program or a money market mutual fund, depending on the account type. Generally, each account is eligible for a single sweep product chosen specifically for that account type. Retail individual brokerage accounts (including investment advisory accounts), and business advisory or brokerage accounts are swept to the Dreyfus Insured Deposits P – Tiered Rate Product ("DIDP"), individual retirement accounts (IRAs) other than SIMPLE IRAs (SEPs) are swept to the Dreyfus Insured Deposits LF – Level Fee Product ("DILF"), and all ERISA Title I accounts are swept to the Dreyfus Government Cash Management – Investor Shares ("DGVXX") money market mutual fund.

For deposit accounts in the DIDP program, Pershing receives a fee from each participating bank receiving swept funds (each a "Program Bank") equal to a percentage of the average daily deposits at the Program Banks. Pershing shares the fee with WIS and a third-party administrator. The combined fee paid to WIS, Pershing, and the administrator will not exceed 4% per year on the average daily balances held in all deposit accounts taken in the aggregate. WIS receives a substantial portion of this fee but not more than 3.30% per year.

For IRAs, WIS receives a level monthly fee for each IRA that participates in the DILF program. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System. The per account monthly fee will be no less than \$0.58 and no more than \$20.59. It is generally anticipated that the fee WIS charges will be offset by the total amounts paid to us by the Program Banks. If WIS does not receive sufficient payments each month from the Program Banks, WIS reserves the right to debit your IRA account for the amount of any shortfall.

Your deposits at each Program Bank are limited to \$246,500, or \$493,000 for a joint account (98.5% of the deposit insurance limit). Once this amount is reached at a Program Bank, additional amounts are deposited in subsequent Program Banks in amounts not to exceed \$246,500 at each Program Bank. Any amounts deposited above the \$2.490 million program maximum (\$4.980 million for joint accounts) will be placed in shares of the DGVXX money market mutual fund and will not be covered by FDIC insurance.

For additional information on the DIDP and DILF program, please see the disclosure statement and terms and conditions booklets available on [wisdirect.com/disclosures](http://wisdirect.com/disclosures).

The DGVXX money market mutual fund is eligible for protection by the Securities Investor Protection Corporation ("SIPC"). SIPC does not protect against the rise and fall in the value of investments.

You may elect to turn off (i.e., opt out of) the automatic sweep feature by contacting your IAR. If you opt out, any cash balances in your account will remain as free credit balances and will not earn interest or be eligible for FDIC insurance but will remain eligible for SIPC coverage if maintained for the purpose of purchasing securities.

Depending on interest rates and other market factors, the yields on the DIDP and DILF will be higher or lower than the aggregate fees received by WIS for your participation in the sweep programs. When yields are lower, this results in a negative overall return with respect to cash balances in a sweep program. Interest rates applicable to DIDP or DILF are often lower than the interest rates available if you make deposits directly with a bank or other depository institution outside of WIS's brokerage platform or invest in a money market mutual fund or other cash equivalent.

WIS receives more revenue when cash is swept into DIDP or DILF than if your cash was invested in other products, including money market mutual funds. Therefore, WIS has an incentive to place and maintain your assets in the DIDP and DILF programs to earn more income, which creates a conflict of interest. A further conflict of interest arises as a result of the financial incentive for WIS to recommend and offer the DIDP due to WIS's control of certain functions. WIS sets the interest rate tiers and the amount of the fee it receives for the DIDP, which generates additional compensation for WIS. The compensation WIS receives for DIDP and DILF is in addition to any remuneration WIS and your IAR receive in connection with other transactions executed within your account for which advisory fees or other charges apply. We mitigate these types of conflicts by ensuring that your IAR does not receive any compensation from these sweep payments, and by maintaining policies and procedures to ensure that any recommendations made to you are in your best interest. You should compare the terms, interest rates, required minimum amounts, and other features of the sweep program with other types of accounts and investments for cash. The sweep products have limited purpose and are not meant as a long-term investment or a cash alternative.

The DIDP and DILF programs are available only to clients of broker-dealers such as WIS that clear through Pershing. Pershing is a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation and is affiliated with (a) The Bank of New York Mellon, a NY state-chartered bank, and BNY Mellon, National Association, a national banking association, both of which participate as Program Banks in DIDP and DILF, (b) Dreyfus Cash Solutions, a division of BNY Mellon Securities Corporation, which is a service provider for DIDP and DILF, and (c) Dreyfus, a division of BNY Mellon Investment Adviser, Inc. and the investment manager of the Dreyfus money market mutual fund made available to accounts not eligible for DIDP or DILF.

### **National Financial Services (NFS) Cash Sweep**

WIS, through NFS, offers a cash sweep program to automatically move (sweep) uninvested cash balances held in brokerage accounts custodied with NFS into either an interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit account through an insured bank deposit program or a money market mutual fund, depending on the account type. Generally, each account is eligible for a single sweep product chosen specifically for that account type. The primary core account investment vehicle available to accountholders: (a) for available cash balances held in retail brokerage accounts (including IRAs) and investment advisory accounts (non-retirement) is the Bank Deposit Sweep Program ("BDSP"); (b) for cash balances held in advisory individual retirement accounts ("Advisory IRA") is the Insured Sweep Program ("ISP"); (c) for cash balances held in business advisory or brokerage accounts is the Bank Deposit Sweep Program FDIC Eligible

("SPFEQ"); and (d) for cash balances held in ERISA Title I accounts is the Fidelity Government Cash Reserve ("FDRXX") money market mutual fund.

For deposit accounts in the BDSP and SPFEQ programs, WIS and NFS receive a fee from each participating bank receiving swept funds (each a "Program Bank") equal to a percentage of the average daily deposits at the Program Banks. Amounts vary, but in no event will the total fees be more than a maximum of the Federal Funds Target Rate plus 0.25% as determined by the total deposit balances at all of the program banks over a 12-month rolling period. WIS has discretion to reduce all or a portion of its fee and reserves the right to modify the fees it receives from Program Banks.

WIS receives a level monthly fee for each Advisory IRA that participates in the ISP. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System. The per account monthly fee will be no less than \$0.25 and no more than \$22.63. It is generally anticipated that the fee we charge will be offset by the total amounts paid to us by the Program Banks. If WIS does not receive sufficient payments each month from the Program Banks, we reserve the right to debit your Advisory IRA account for the amount of any shortfall.

Your deposits at each Program Bank are limited to \$246,500, or \$493,000 for a joint account (98.5% of the deposit insurance limit). Once this amount is reached at each Program Bank, any additional cash will be deposited in an Excess Deposit Bank. If cash deposits in all the Program Banks and the Excess Deposit Bank reach the maximum amount of FDIC insurance coverage of \$2.5 million for an individual account or \$5 million for joint accounts, any balance that cannot be placed or maintained at Program Banks will be swept into a Fidelity money market mutual fund and will not be covered by FDIC insurance.

For additional information on the BDSP, SPFEQ, and ISP programs, please see the disclosure statement and terms and conditions booklets available on [wisdirect.com/disclosures](http://wisdirect.com/disclosures).

The FDRXX money market mutual fund is eligible for protection by the Securities Investor Protection Corporation ("SIPC"). SIPC does not protect against the rise and fall in the value of investments.

You may elect to turn off (i.e., opt out of) the automatic sweep feature by contacting your IAR. If you opt out, any cash balances in your account will remain as free credit balances and will not earn interest or be eligible for FDIC insurance but will remain eligible for SIPC coverage if maintained for the purpose of purchasing securities.

Depending on interest rates and other market factors, the yields on the BDSP, SPFEQ, and ISP will be higher or lower than the aggregate fees received by WIS for your participation in the sweep programs. When yields are lower, this results in a negative overall return with respect to cash balances in a sweep program. Interest rates applicable to BDSP, SPFEQ, and ISP are often lower than the interest rates available if you were to make deposits directly with a bank or other depository institution outside of NFS's brokerage platform or invest in a money market mutual fund or other cash equivalent.

WIS receives more revenue when cash is swept into BDSP, SPFEQ, and ISP than if your cash was invested in other products, including money market mutual funds. Therefore, WIS has an incentive

to place and maintain your assets in the BDSP, SPFEQ, and ISP programs to earn more income, which creates a conflict of interest. A further conflict of interest arises as a result of the financial incentive for WIS to recommend and offer the BDSP and SPFEQ due to WIS's control of certain functions. WIS sets the amount of the fee it receives for the BDSP and SPFEQ, which generates additional compensation for WIS. The compensation WIS receives for BDSP, SPFEQ, and ISP is in addition to any remuneration WIS and your IAR receive in connection with other transactions executed within your account for which advisory fees or other charges apply. We mitigate these types of conflicts by ensuring that your IAR does not receive any compensation from these sweep payments, and by maintaining policies and procedures to ensure that any recommendations made to you are in your best interest. You should compare the terms, interest rates, required minimum amounts, and other features of the sweep program with other types of accounts and investments for cash. The sweep products have limited purpose and are not meant as a long-term investment or a cash alternative.

The BDSP, SPFEQ, and ISP programs are available only to clients of broker-dealers such as WIS that clear through NFS. NFS is wholly owned by Fidelity Global Brokerage Group, Inc. and is affiliated with Leader Bank, N.A., which participates as a Program Bank in BDSP, SPFEQ, and ISP, and Fidelity Management & Research Company LLC, the investment manager of the Fidelity money market mutual fund made available to accounts not eligible for BDSP, SPFEQ, or ISP.

### **Schwab Custodial Relationship**

Western may recommend that clients establish their advisory account with the Schwab Advisor Services division of Schwab, a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. The decision to custody assets with Schwab is at the discretion of our clients, including those accounts under ERISA or IRS rules and regulations, in which case a client is acting as either the plan sponsor or IRA accountholder.

Schwab provides Western with access to its institutional trading and custody services, which are typically not available to Schwab 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 advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include 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.

Schwab generally does not charge separately for custody services for Western client accounts maintained at Schwab but is compensated by account holders through commissions or other transactions-related or asset-based fees for securities trades that are executed through Schwab or that settle in Schwab accounts.

Schwab also makes available to Western other products and services that benefit Western but do not benefit our clients' accounts. These benefits include national, regional, or Western specific educational events organized or sponsored by Schwab Advisor Services. Other benefits include occasional business entertainment of personnel of Western by Schwab 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 Western 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); provide research, pricing information, and other market data; facilitate payment of Western's fees from its clients' accounts; and assist with back-office training and support functions, recordkeeping, and client reporting. Many of these services may be used to service all or some substantial number of Western's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Western other services intended to help Western manage and further develop its business enterprise. These services include professional compliance, legal, and business consulting, publications, and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab makes available, arranges, and/or pays vendors for these types of services rendered to Western by independent third parties. Schwab 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 Western.

Schwab also reimburses certain Western clients who open an account with Schwab for fees that they incur to close their accounts with another custodian and open an account and transition their assets to Schwab. There is a cap on the total fees that Schwab will reimburse each year and Western must transition a minimum number of new accounts and assets to Schwab to be eligible for the benefit.

While, as a fiduciary, Western endeavors to act in its clients' best interests, you should expect that Western's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to Western of the availability of some of the foregoing products and service and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

### **Best Execution**

WIS reviews the quality of execution on transactions on a regular basis. The review includes comparisons between the executed price and the price of the prevailing market at the time of execution. Discrepancies noted in the quality of execution are brought to senior management, including but not limited to, the Chief Compliance Officer, the Head of Trading, and Sr. Managing Directors.

### **Soft Dollars**

WIS does not receive a software maintenance credit or similar soft dollar credits from any of its custodians.

### **Order Aggregation**

Aggregation or "bunching" trade orders for execution may prove advantageous to the client. The client would participate in receiving an average price, which would then be allocated into their account on a fair and equitable basis. This provides equal treatment of clients in that no advisory client would be favored over any other client. WIS's books and records will separately reflect securities held by, or bought or sold for, client accounts that participate in the aggregation.

WIS does not recommend other brokers through referrals or receive client referrals from other brokers. WIS does not recommend or require clients to direct transactions through a specific broker.

Certain Contour accounts are managed based on model portfolio strategies. One or more clients can have the same model portfolio, based on their investment objective and risk profile. We typically aggregate orders into block trades when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with Western's duty to seek best execution and will benefit each client participating in the aggregated order.

### **Item 13 - Review of Accounts**

In order to fulfill its obligation to supervise IARs, Western has established written supervisory policies and procedures concerning IARs' management of client accounts. Western provides IARs with investment guidelines and restrictions and periodically reviews client trading, as described below to ensure compliance with Western's guidance and policies.

For clients receiving Advisory Services from Western, the IAR and/or Western generally conduct reviews of accounts, at a minimum, on an annual basis. Financial plans are generally reviewed based on the arrangement between the IAR and client. IARs who have entered into an ongoing planning arrangement with a client generally review plans either on an annual basis or as changes to the client's financial circumstances occur. Clients are informed that if their investment objectives or financial condition change during the course of their investment program they should notify their IAR or Western. This notification will trigger an account review. An IAR can introduce advisory clients to third party money managers or other investment advisory firms. These sponsors provide reporting, monitoring, and review services as described in their respective contracts with the client.

Clients receive periodic account statements on a no less than a quarterly basis, provided by custodians.

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

As discussed below and elsewhere in this Brochure, Western receives compensation, which can be substantial, from various parties in connection with providing services to clients. In many instances, this compensation is in addition to any advisory fees clients pay, and is not passed on or credited to clients unless otherwise noted. When evaluating the reasonability of Western's fees, a client should not consider just the advisory fees Western charges, but also the other compensation Western receives.

As further described in Item 12 - Brokerage Practices, Western receives compensation from NFS and Pershing in various forms, including: transition assistance, growth assistance credits, markups to transaction and account activity fees, margin interest, revenue from cash sweep programs, credit interest, and volume discounts on trading costs based on the number of trades processed

on the NFS and Pershing platform.

### **IAR Compensation**

Western pays your IAR compensation of various types. We compensate our IARs pursuant to independent contractor agreements. IAR compensation includes a portion of the advisory fee you pay us, which may be more or less than what your IAR would receive at another advisory firm. An IAR who earns over an annual threshold amount is eligible for a percentage payout increase on future compensation. In addition, we offer financial incentives, in the form of cash bonuses and forgivable (“compensatory”) loans, to reward IARs for increasing their assets serviced or annual revenue. Certain IARs are employed by another financial services company or individual providing financial services from which these IARs receive a salary or bonus for their services in addition to their Western compensation. Whenever compensation is based on assets serviced or annual revenue, an IAR has a conflict of interest and financial incentive to meet those revenue or asset levels in order to receive increased compensation, including by encouraging you to increase the amount of assets in your account.

In some cases, we pay a portion of a IAR’s compensation to an IAR’s designated supervisor(s). This creates a conflict of interest because the compensation affects the designated supervisor’s ability to provide objective supervision of the IAR. Western and our designated supervisors have an obligation to supervise IARs and may decide to terminate an IAR’s association with Western based on performance, a disciplinary event, or other factors. The amount of assets serviced or revenue generated by an IAR creates a conflict of interest when considering whether to terminate an IAR.

### **Other Benefits**

IARs who meet internal criteria (which includes, but is not limited to, revenue generated from sales of products and services) are eligible to receive certain benefits pursuant to special incentive programs. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. These benefits also include free or reduced cost marketing materials, reimbursement or credits of fees that IARs pay to Western for items such as administrative services or technology, and payments that can be in the form of repayable or compensatory loans (e.g., for retention purposes or to assist an IAR grow his or her advisory practice).

The availability of these benefits presents a conflict of interest because an IAR has an incentive to recommend to clients our investment products and services and to remain with Western to receive these benefits.

### **Recruitment Compensation and Operational Assistance**

Western provides recruitment compensation and other financial incentives to IARs transitioning from other financial services firms to Western. This transition assistance includes payments that are intended to assist an IAR with costs associated with the transition; however, we do not verify that any payments made are actually used by an IAR for transition costs. Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding an IAR’s business, offsetting account transfer fees payable to the custodian as a result of



the clients transitioning to Western's platforms, technology set-up fees, marketing, mailing and stationery costs, registration and licensing fees, moving and office space expenses, staffing support, and termination fees associated with moving accounts.

These payments can be in the form of repayable and/or compensatory loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of compensatory loans, the loans are forgiven if an IAR continues his or her association with Western for a certain period of time or if the IAR meets other conditions, which can include a requirement to maintain a certain level of assets or generate a certain amount of revenue at Western. An IAR's receipt of a loan from Western presents a conflict of interest in that the IAR has a financial incentive to maintain a relationship with Western and recommend Western to clients.

The amount of recruitment compensation provided by Western is often substantial in relation to the overall revenue earned or compensation received by an IAR at his or her prior firm. Such recruitment compensation is typically based on a percentage of an IAR's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to Western. Recruitment compensation provided to IARs does not directly benefit clients. You should consider the recruitment compensation your IAR receives in evaluating the reasonableness of the compensation arrangement between you, your IAR, and Western.

### **Growth Incentives**

Western provides financial incentives to reward IARs for increasing their assets serviced or annual revenue by specific amounts in the form of cash bonuses and compensatory loans.

### **Conflicts of Interest**

A conflict of interest is created when Western provides financial incentives to IARs for moving assets to Western or increasing their assets serviced or annual revenue at Western. The conflict of interest is due to the IAR having a financial incentive to maintain his or her relationship with Western, transition assets to Western, and recommend investment products or services that generate more revenue as compared to other investments in order to receive a benefit or payment.

We attempt to mitigate these conflicts by reviewing our client accounts and transactions to ensure that we have a reasonable basis to believe the recommended services and transactions are consistent with a client's stated goals, objectives, preferences, and needs and are in a client's best interest. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with Western and your IAR. Further information about Western and your IAR's source of compensation and conflicts of interest is described in our Brokerage Services Disclosure Summary on our website under Disclosures ([wisdirect.com/disclosures](http://wisdirect.com/disclosures)).

### **Indirect Compensation and Revenue Sharing**

Western receives compensation and/or fees (also referred to as revenue sharing or marketing support) from certain mutual fund sponsors (including money market funds), insurance (fixed and variable product) issuers, UIT, ETF, alternative investments, and structured product sponsors, and unaffiliated investment advisers that sponsor, manage, and/or promote the sale of certain products that are available to our clients. Product sponsors and third-party money managers ("Partners")

pay this compensation to Western in what we call our Partners Program.

Partners pay different amounts of revenue sharing and receive different levels of benefits for their payments. These payments can be substantial and, as such, create a conflict of interest for Western because the payments constitute additional revenue to Western and can influence the selection of investments and services Western and/or our IARs offer or recommend to clients. Western seeks to mitigate this conflict of interest by not sharing revenue sharing payments with our IARs. An IAR's compensation is the same regardless of whether a sale involves a Partners Program product or service. In some cases, Partners pay additional marketing payments to Western to cover fees to attend conferences or reimburse expenses for workshops or seminars. The payments made under the Partners Program are based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner. When Partners pay a flat fee (or marketing allowance) it is negotiated annually. This payment assists with costs related to education, training, conference attendance, reimbursement for workshops or seminars and marketing materials for our IARs. We do not share any marketing allowance with our IARs.

The benefits Partners receive include IAR contact lists, business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners to support certain marketing, training, and educational initiatives including our conferences and events. The conferences and events provide a venue to communicate new products and services to our registered representatives and IARs, to offer training to them and their support staff, and keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards for our registered representatives and IARs who generate the most revenue overall and to pay for our general marketing expenses. A Western registered representative or IAR who earns total compensation over a threshold amount receives an award, in the form of a trophy, medal, or plaque, and is invited to attend Western's top producer conference. Revenue from the Partners helps to pay for the top producer conference costs. Top producing Western registered representatives and IARs receive an award based on total revenues, including but not limited to sales of Partner's mutual funds, annuities, structured products, and ETFs.

We prepare and make available to our IARs a quarterly list of Partners' mutual funds and ETFs that have been screened for investment performance against other Partners' funds with similar objectives and asset classes (the "Select Fund List" or "List"). Western and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because Western receives payments from the mutual fund or ETF sponsor. Our receipt of such payments influences our selection of mutual funds and ETFs, as our IARs are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through Western than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

Western also receives compensation from certain third-party investment advisers to assist in

paying for ongoing marketing and sales support activities including training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all third-party investment advisers pay such compensation and participating third part change over time.

The compensation arrangements vary and are generally structured as a fixed dollar amount or as a percentage of sales or assets under management with the adviser.

A conflict of interest exists where Western receives such compensation because there is an incentive to recommend these third-party investment advisers over other investment advisers to generate additional revenue for the firm. However, our IARs are not required to recommend any third-party investment adviser providing additional compensation, nor do they directly share in any of this compensation.

Our IARs receive additional compensation from product sponsors. However, such compensation is not tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospects. Product sponsors sometimes also pay for or reimburse us for the costs associated with education or training events that are attended by our IARs and for Western-sponsored conferences and events. We also receive reimbursement from product sponsors for technology-related costs associated with investment proposal tools they make available to our IARs for use with clients.

To see Western's Third-Party Fee Disclosure, which identifies the participants in the Partners Program along with revenue sharing arrangements by product type, please visit the Disclosure section of our website at [wisdirect.com/disclosures](http://wisdirect.com/disclosures).

### **Solicitation Activities**

From time to time, Western enters into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited by Western and referred to another state-registered or SEC-registered investment adviser. In these situations, we are compensated for the referral activity.

Western also has solicitation arrangements with persons or entities who are not our IARs. If a solicitor will receive any portion of the advisory fee paid by a client, the client will receive a written disclosure statement describing the solicitation arrangement between Western and the solicitor, including the compensation to be received by the solicitor from Western.

## **Item 15 - Custody**

WIS has limited custody of clients' funds and/or securities when clients authorize us to deduct our management fees directly from the client's account. WIS is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from the client's account to a third party and under the SLOA authorizes us to designate, based on your standing instructions (which you may change or terminate), the amount or timing of the transfers. WIS complies with the SEC's Custody Rule including engaging an independent public accountant to verify funds and securities of which it is

deemed to have custody at least once a year.

WIS has an arrangement with Custodians to provide clearance and custody of accounts. The Custodian: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. The Custodian delivers client account statements as well as confirmation of each purchase and sale to you. In Contour, you can agree in writing to receive transaction information at least quarterly via a quarterly confirmation report in lieu of a trade-by-trade confirmation, where there is an allowable option. The Custodian acts as the general administrator of each account, which includes collecting account fees on WIS' behalf and processing, pursuant to WIS' instructions, deposits to and withdrawals from the account. The Custodians do not assist clients in selecting WIS or any investment objective or in determining suitability. You retain ownership of all cash, securities, and other instruments in the account.

In some instances, clients participate in programs that are not sponsored by WIS. In those situations, clearance and custody of securities is determined by the program sponsor. You should refer to the sponsor's Form ADV Part 2A or other brochure for complete details regarding those programs.

You should receive at least quarterly statements from the qualified custodian that holds your advisory account assets. WIS urges you to compare the holdings listed on the custodian's statement to those listed on reports WIS or your IAR provides. If you have a question about a discrepancy, you should direct it to your IAR. If the IAR is unable to adequately address your concern, you should contact WIS at the phone number on the cover page of this Brochure.

## **Item 16 - Investment Discretion**

### **Discretionary Authority for Trading**

WIS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we can promptly implement the investment policy that you have approved in writing.

Contour accounts are managed on a limited discretionary basis to invest, reinvest, and otherwise deal with Platform Assets with discretion granted to: (a) the IAR in APM and the FSP Program; (b) each SMA Manager in the SMA Program; (c) each Sub-Manager for assets allocated to it, and (d) to IAR for assets allocated to Other Investments according to Client's Investment Profile and to select and allocate assets among Model Providers and Sub-Managers. Such discretionary authority allows the authorized party to make all investment decisions with respect to the Account and, when it deems appropriate and without prior consultation with Client, to buy, sell, exchange, convert, and otherwise trade Platform Assets. In addition, with respect to the UMA and FSP Programs, Client hereby grants (a) IAR limited discretionary authority that IAR may delegate to Envestnet in its capacity as overlay manager subject to the terms set forth above; and (b) the IAR limited

discretionary authority to replace Model Providers and Sub-Managers (UMA Program only) in accordance with the Client's previously determined client profile and risk tolerance information.

### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. By signing the Investment Management Agreement, you sign a limited power of attorney so that we can execute the trades that you have approved.

## **Item 17 - Voting Client Securities**

### **Proxy Votes**

Neither Western nor its IARs will take any action nor give any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which your assets are invested.

In Contour, you authorize SMA Managers, Sub-Managers, or Envestnet, as applicable, in writing to exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Platform Assets in SMA or UMA accounts. You can revoke this authority by providing written instructions.

Unless you agree in writing to proxy delegation, all proxy materials will be sent directly to you. Any proxy materials inadvertently received by Western or our IARs will be forwarded to you for direct action and you retain the right to vote such proxies solicited for securities held in the investment advisory account.

You can obtain a copy of our proxy voting policies and procedures upon request, by contacting Western at the phone number on the front of this Brochure.

## **Item 18 - Financial Information**

Western is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair Western's ability to meet contractual commitments to its clients. Western has never been the subject of a bankruptcy proceeding.