

# Gratus Wealth Advisors, LLC

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## **Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure March 4, 2024**

This wrap fee program brochure provides information about the qualifications and business practices of Gratus Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (757) 376-8765, or via e-mail at [cline@gratusadvisors.com](mailto:cline@gratusadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Gratus Wealth Advisors, LLC is a registered investment advisory firm. Registration of an investment advisory firm does not imply a particular level of skill or training.

Additional information about Gratus Wealth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2****Material Changes****Annual Update**

The Material Changes section of this Wrap Fee Brochure ("Brochure") will be updated annually or when material changes occur since the previous release of this brochure. This Item discusses only specific material changes made to this brochure and provides our clients with a summary of such changes.

**Material Changes since the Last Update**

Gratus Wealth Advisors, LLC is a newly registered investment advisory firm in 2023.

**Additional Information**

Additional information about Gratus Wealth Advisors, LLC is available via the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered or are required to be registered as investment adviser representatives ("IAR").

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**ITEM 4****Services, Fees, and Compensation****FIRM INFORMATION**

Gratus Wealth Advisors, LLC ("Gratus," "we," "us," "our"), formed in September 2023, is a registered investment advisory firm located in Virginia Beach, VA. We have been a registered investment advisory firm since December 2023.

**PRINCIPAL OWNERS**

Gratus is owned and controlled by Cline Reasor and Chad Williamson. Cline Reasor is the Chief Compliance Officer.

**WRAP FEE PROGRAM**

Our Wrap Fee Program is designed to provide ongoing asset management services and investment execution for one all-inclusive fee. This program enables clients to pursue their investment objectives with us as a manager of an all-in-one consolidated model portfolio. As part of this service, a portfolio is created consisting of individual stocks, bonds, exchange-traded funds ("ETFs"), options, mutual funds, and other public securities or investments. Portfolios will be designed to meet a particular investment goal determined to be suitable for the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored and, if necessary, rebalanced based upon the client's individual needs, stated goals, and objectives. Clients' accounts may be managed on a discretionary or non-discretionary basis.

**Fee Schedule**

We are compensated for providing our Wrap Fee Program by charging an asset management fee. The asset management fee is based on the total assets under management. The maximum annual fee to be charged to the client's account(s) will not exceed 1.35%

The fee billing will be pre-determined in writing in the investment advisory agreement that is executed by you, and Gratus. Wrap Fee Program fees are payable quarterly in advance. Our Wrap Fee Program fees are annual fees and are negotiable. Payments are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter multiplied by the applicable annual rate and divided by four (4). The fee for the subsequent quarter is billed and payable within ten (10) days after the end of the prior quarter. We will deduct our asset management fee only when in receipt of your written authorization by executing an investment advisory agreement permitting the fees to be paid directly from your account. The qualified custodian will deliver an account statement to you at least quarterly, which will show all disbursements from your account. We urge you to review all statements for accuracy.

Either party may terminate the investment advisory agreement by providing a 30-day advance written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

### **WRAP FEE PROGRAM COSTS**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. Client accounts with low trading volumes, high cash balances, and/or significant fixed-income investments may receive similar services at a lower cost outside of a wrap fee program.

### **OTHER TYPES OF FEES AND EXPENSES**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange-traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included in the wrap fee you are charged by our firm.

## **ITEM 5**

### **Account Requirements and Types of Clients**

We provide our investment advisory services to:

- Individuals
- High Net Worth Individuals
- Non-Profit Organizations
- Corporations
- Other business entities

Our minimum account size requirements for opening an account with us are as follows:

\$1,000,000 Assets Under Management or \$2,500 quarterly fee. The minimum account size may be waived at Gratus's discretion.

## **ITEM 6**

### **Portfolio Manager Selection and Evaluation**

#### **PORTFOLIO MANAGERS**

Our Wrap Fee Program is managed by Gratus; however, there may be instances when we utilize a subadvisor or other third-party manager. In selecting our subadvisor, we want to ensure they bring a broad level of diversification and portfolio construction in an economical manner to accounts of various sizes.

We do not apply any uniform standard to monitor the performance of third-party managers; however, we will monitor the performance and construction of the various portfolios managed. Also, the

information provided for both historical portfolio and manager performance may not be calculated on a uniform basis.

## **ADVISORY BUSINESS**

### **Asset Management Services:**

We provide asset management services in which we manage your custodial accounts and provide you with continuous and ongoing supervision of your custodial accounts. Our services provide additional investment opportunities among stocks, bonds, mutual funds, exchange-traded funds (ETFs), and variable annuities.

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

Upon completion of the client's financial plan or consulting engagement, we will revisit all or some of the following areas of analysis: financial goals, tax planning strategies, asset allocation, risk management, retirement planning, and other areas and objectives such as budgeting, education planning, cash flow planning, charitable planning, lines of credit analysis, insurance analysis, business financial planning, mortgage/debt analysis, and real estate analysis throughout the course of a year via scheduled meetings, calls, or follow-up emails to ensure that the initial recommendations in the financial plan or consulting engagement are implemented or to make adjustments to the Client's financial plan and/or the Client's objectives.

### **Retirement Plan Consulting Services:**

We provide advisory services to plan sponsors of employer-sponsored retirement plans for which it has been specifically engaged, in addition to supporting affiliated companies through other non-advisory services to retirement plans for corporations and other business entities as a 3(21) and fiduciary. Such advisory services can include selection and/or de-selection and replacement of individual investment options pursuant to agreed investment criteria.

In choosing and monitoring investment options for employer-sponsored retirement plans, we look for reliable fund companies that have a consistent track record and steady performance. Once a fund company is identified for possible selection for a particular retirement plan product, we conduct an in-depth review of the company's operations, funds, and personnel before determining if the company's funds are investment options. Quantitative and qualitative factors, such as regional exposure, fund management, and asset size/growth, are also evaluated. The fund companies are monitored on a continuous basis at the firm level. We will assist in the construction of the portfolio by ensuring that all core asset classes are covered to offer full diversification opportunities. However, the final decision of which funds to select is up to the plan sponsor and/or consultant.

## **TAILORING OF ADVISORY SERVICES**

Gratus offers the same suite of services to all our clients. However, specific client financial plans and their implementation are dependent upon the individual client's needs. On a case-by-case basis, our clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent us from properly servicing the client's account or if the restrictions require us to deviate from our standard suite of services, we reserve the right to end the relationship. We may request additional information and documentation, such as current investments, tax returns, insurance policies, and estate plans. We will discuss your investment objectives, needs, and

goals, but you must inform us of any changes. Unless directed by you, we do not independently verify any information provided to us by you or your attorney, accountant, or other professionals.

### **PARTICIPATION IN WRAP FEE PROGRAMS**

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Generally, we do not manage wrap fee accounts in a different fashion than non-wrap fee accounts; however, certain client accounts may be managed differently based on the size and nature of the account and/or the client's investment objectives and risk tolerance.

In our wrap fee program, your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees, which are fees based on a share of capital gains or capital appreciation of your assets.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

We use various methods of analysis and investment strategies, including the following:

**Fundamental Analysis** – We evaluate economic and financial factors to determine if a security may be underpriced, overpriced, or fairly priced. This method entails assessing security value by attempting to determine its intrinsic value by examining related financial, economic, and other qualitative and quantitative factors. Fundamental analysis requires an in-depth look at all factors that can affect the security's value, from macroeconomic factors (like the overall economy and industry conditions) to individually specific factors (like the financial situation and management of companies). The overall objective of performing the fundamental analysis is to determine a value that an investor can use to determine what sort of position to take with that security. This method of security analysis is contrary to technical analysis. Fundamental analysis involves using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

**Modern Portfolio Theory** - Modern portfolio theory (MPT) is a risk-averse theory that involves the construction of portfolios to maximize and optimize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to

construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk.

MPT tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy, there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### **Investment Strategies**

When formulating investment advice or managing client assets, we will use the following investment strategies. There are inherent risks associated with each of these strategies.

**Long-Term Strategy** - A long-term strategy may not take advantage of short-term gains or may experience more volatility over the life of the portfolio.

**Short-Term Strategy** - A short-term strategy may incur more trading and brokerage costs and run the risk that certain anticipated market movements do not occur, resulting in the client holding a security for longer than intended.

Your accounts are managed separately with your underlying investment strategies, restrictions, or investment limitations defined within the investment advisory agreement.

### **VOTING CLIENT SECURITIES**

We do not have the authority to vote proxies as it pertains to the issuers of securities held in your account. The responsibility for voting your securities places increased liability on us and does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting your securities.

Therefore, you are responsible for voting all proxies for securities held in accounts managed by us. Typically, our qualified custodian will forward you your proxy information. Although we do not vote for your proxies, you can contact us if you have a question about a particular proxy.

## **ITEM 7**

### **Client Information Provided to Portfolio Managers**

We are required to describe the information about you that we communicate to your portfolio manager(s) and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us when the market or economic conditions make it prudent to do so, etc.

## **ITEM 8**

### **Client Contact with Portfolio Managers**

Clients are always free to contact us directly with any questions or concerns about their portfolios or other matters. If a subadvisor or third-party manager is utilized, clients will be provided with the disclosure brochure and may contact them accordingly.



## **Additional Information**

### **DISCIPLINARY INFORMATION**

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There have been no disciplinary, legal, or regulatory events related to us or any of our management persons.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **Financial Industry Activities**

Gratus is not registered nor has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Gratus's management persons are registered representatives of PKS, an unaffiliated registered broker-dealer.

Neither Gratus nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

#### **Affiliations**

Certain associates of the firm are also registered representatives, licensed to sell securities. As a registered representative of an unaffiliated broker-dealer, he or she may earn additional compensation in the form of commissions for the sale of general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and a variable annuity to investment advisory clients. As such, your IAR may suggest that you implement investment advice by purchasing securities products through a commission-based account introduced through our unaffiliated broker-dealer in addition to an investment advisory account. In the event that you elect to purchase these products through our unaffiliated broker-dealer, your investment adviser, in the capacity as a registered representative, and our unaffiliated broker-dealer will receive the standard and customary commission compensation in connection with the particular product purchased.

Certain associates of the firm are also insurance agents licensed to sell insurance products. A conflict of interest exists because these services pay a commission, which conflicts with the IAR's fiduciary duties. Gratus does not require its IARs to encourage clients to implement investment advice through our insurance product recommendations. Clients have the right to implement insurance product recommendations through the insurance agency and agent of their choice. We require that all IARs disclose this conflict of interest when such recommendations are made. We also require IARs to disclose that the client has the right to purchase recommended products from individuals not affiliated with us.

#### **Selection of Other Investment Advisers**

We do not recommend or select other investment advisers for our clients.

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

#### **Code of Ethics**

Gratus has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to you. As a fiduciary, it is an

investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Gratus has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand, and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request.

#### **Recommendations Involving a Material Financial Interest**

Neither we nor any related person recommend to clients or buys or sells for clients' accounts securities in which we or a related person has a material financial interest.

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

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which an IAR, its affiliates, or other clients may also have a position or interest. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances, the affiliated and client accounts will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

#### **Personal Trading**

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements and do not conflict with their duty to Gratus and our clients. Gratus monitors and controls personal trading through pre-approval of all personal securities transactions or blackout periods imposed upon employees trading in the same securities as Gratus. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

### **REVIEW OF ACCOUNTS}**

#### **Regular Reports**

Wrap fee program clients will receive advisory account reports no less than quarterly. These reports show asset value by cash balances, security, unit cost, total cost, current per-share values, etc. Clients are encouraged to phone or e-mail us as often as they deem necessary to receive information regarding the investment tactics and strategies being followed.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Gratus may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of client's assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Gratus is independently owned and operated and not affiliated with Schwab. Schwab provides Gratus with access to its institutional trading and custody services, which are typically not available to Schwab

retail investors. These services are generally available to independent investment advisors 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, and research, including that in the form of advice, analyses, and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Gratus client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Gratus other products and services that benefit Gratus but may not benefit its clients' accounts. These benefits may include national, regional, or Gratus specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Gratus 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 Gratus 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 Gratus fees from its client's accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Gratus's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Gratus other services intended to help Gratus manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab may make available, arrange, and/or pay vendors for these types of services rendered to Gratus 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 Gratus. While, as a fiduciary, Gratus endeavors to act in its client's best interests, Gratus's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Gratus of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

We do not pay a referral fee to third-party solicitors.

## **FINANCIAL INFORMATION**

We are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We are currently not in, nor have been historically in, a financially precarious situation or the subject of a bankruptcy petition.