

WARD & ASSOCIATES

SEC Form ADV Part 2A

“Brochure”

3525 Del Mar Heights Road
#333 SAN DIEGO, CA 92130
(858) 759-5330

WWW.WARDINVEST.COM

March 29, 2024

This brochure provides information about the qualifications and business practices of Ward & Associates (“Ward”). If you have any questions about the contents of this Brochure, please contact us by telephone at (858) 759-5330 or by email at wa@wardinvest.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority.

Ward & Associates is an SEC registered investment adviser (“Adviser”). Registration of an Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Ward & Associates is also available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with Ward & Associates who are registered, or are required to be registered, as investment adviser representatives of the firm.

Item 2 – Material Changes

Below are the material changes to this Brochure since Ward & Associates' last annual amendment dated March 31, 2023.

- Cut ties with TD Ameritrade thus removing them within this Part 2A Brochure.
- Updated the RAUM for year-end December 31, 2023.

Other amendments have been made to this brochure, are not have been discussed in our summary, and consequently, we encourage you to read this brochure in its entirety. You may request a full copy of the latest version of this document at any time by emailing us at wa@wardinvest.com or by phone at (858) 759-5330.

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Item 4 – Advisory Business

Ward & Associates was founded in 1997 and currently has two partners, William T. Ward, Jr. and Kevin A. Ward (collectively, the “Partners”). Our firm generally provides wealth management and investment advisory services to individuals and families and their related business entities, trusts, estates, charitable foundations and pension and profit sharing plans.

Our mission is to provide, to the best of our abilities, the highest caliber of personal service, financial advice and investment management while assisting our clients in seeking their financial objectives.

We are dedicated to providing clients with the advice needed to make sound financial decisions. We work with clients to design and implement customized wealth management strategies in an effort to build and preserve wealth.

Our investment management and investment supervisory services are based on the client’s needs, obligations, risk tolerances and investment objectives. We may also render advice on related areas including, but not limited to, retirement planning, estate planning, real estate, insurance, trusts, and alternative investments. We may provide advice to any particular client on one or more of these financial planning issues on a situational basis or may develop a complete financial plan addressing all aspects of a client’s financial life.

Our investment management and investment supervisory services are primarily rendered through the construction and management of portfolios invested in mutual funds and the selection and monitoring of private money managers.

Additionally, we offer advice relating to investments in non-traditional investments, including, but not limited to, venture capital funds, hedge funds, and leveraged buy-out funds.

We have our own philosophies of investing and ways of helping our clients meet their financial goals and objectives. We seek to work with people who share similar philosophies. We recognize that every client’s situation and needs are different than others. Therefore, we are willing to tailor our advisory services to meet each client’s needs.

Clients are permitted to place reasonable restrictions on the manner in which their accounts are managed. However, there may be times when restrictions placed by the clients create a conflict and prevent us from accepting or continuing to manage the account. We reserve the right to not accept and/or terminate the management of a client’s account if we determine, in our sole discretion, that the client-imposed restrictions would limit or prevent us from meeting and/or maintaining a suitable investment strategy for such client.

Please see Item 8 for a more detailed description of our investment methodologies and strategies.

As of December 31, 2023, Ward & Associates managed \$179,640,917 in assets, \$165,720,885 of which was managed on a discretionary basis, and \$13,920,032 was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Our firm’s annual fee includes both financial planning and investment management services. We do not accept commissions or any other compensation from third parties. In those circumstances where third parties customarily rebate a portion of their fees or commissions to investment advisors, amounts so received are credited directly to the client’s account.

Although most firms have a separate fee for the initial financial planning services, due to the amount of time required, we absorb this cost in the interest of developing a long-term relationship.

Our firm typically receives compensation for investment advisory services based on a percentage of account assets under management as outlined in the “Basic Fee Schedule” shown below.

Basic Fee Schedule:

<u>Amount of Assets</u>	<u>Annual Fee Percentage</u>
On the first \$1,000,000	1.00%
\$1,000,000 - \$4,000,000	0.75%
\$4,000,000 - \$5,000,000	0.50%
\$5,000,000 - \$10,000,000	0.35%

Fees for accounts greater than \$20,000,000 are negotiable. Fees for accounts below \$20,000,000 may also be negotiable at Ward & Associates discretion.

Fees are payable quarterly in advance and are billed by the 15th day of the first month of the quarter with payment due by the 25th day of the first month of the quarter. The value of assets under management is determined by computing the market value of the portfolio as of the close of trading on the last business day of March, June, September and December. The fee for the following quarter is then calculated by multiplying the portfolios closing market value by one-quarter of the annual fee as agreed upon with the client.

Fees are calculated on a graduated basis. To illustrate, an account with \$3,000,000 under management will incur fees of 0.75% on the first \$1,000,000 and 0.50% on the next \$2,000,000.

For the purpose of billing, a single “account” is defined as the assets under our management that is controlled or directed by one person or entity, even though the assets are managed through two or more separate accounts.

Management fees are payable quarterly in advance. The management fee is calculated based on a percentage of assets under management. Assets under management are determined by computing

the market value of each account as of the close of trading on the last business day of the previous quarter. For billing purposes, quarters close in March, June, September, and December. The management fee is calculated by multiplying the closing account balance, including cash and cash equivalents, on the last business day of each quarter end by $\frac{1}{4}$ of the annual fee listed on the Basic Fee Schedule above. New clients' fees are based on the account balance at inception and are prorated for the period from inception to the end of the applicable quarter.

Clients have the option to elect to be billed directly for fees or to authorize Ward & Associates to directly debit fees from their respective accounts.

Within five (5) business days after the date of execution of the investment advisory agreement, clients have a right to terminate the agreement.

Both parties to the advisory agreement may terminate such at any time by written notice. In the event of termination of the investment management service prior to the close of a quarter, we will refund clients the unearned portion of the quarterly management fee on a pro rata basis. The refund will be calculated from the effective date of termination, pursuant to the terms of the advisory agreement.

Hourly and Fixed Fees

As previously discussed under Item 4 above, as part of our investment management and investment supervisory services, we may also render advice on related areas including, but not limited to, retirement planning, estate planning, real estate, insurance, trusts, and alternative investments. Depending on the time, expertise, and level of involvement required in the provision of these services, we may consider the rendering of such advice as either part of our overall investment management service and as such, may not bill an additional fee from the Basic Fee Schedule. Alternatively, such services may be provided as a separate service and if so, are billable on either an hourly or fixed fee basis.

Hourly fees are billed during the first week of the month following the month in which the fees were earned. Hourly fees vary based upon the nature of the work to be performed and are agreed upon prior to the commencement of the work. As a general matter, hourly fees are not negotiable and typically range from \$200 to \$400 per hour.

Fixed fees are quoted based on the nature and duration of the work to be performed. Fees may be billed either while the project is in progress or at the completion of the project, as agreed upon prior to the commencement of the project. Fees that are billed while the project is in process reflect the time spent on the project up to the date of the bill. Clients may elect to terminate the work on any project at any time. Upon termination, clients will be billed only for any work performed prior to termination.

Hourly fees and fixed fees are not refundable.

Other Fees

Fees charged in accordance with the Basic Fee Schedule, as well as the hourly and fixed fees described above, are separate from, and are exclusive of certain charges imposed by unaffiliated third parties for which you are solely responsible. Such charges may include, but are not limited to, custodial fees, brokerage commissions, fees charged by mutual funds or private money managers and other fees and taxes on brokerage accounts and securities transactions.

Ward & Associates may also receive Trustee fees for certain, but not all, Trust clients for whom they or their Partners act as Trustees. These fees are in an amount set forth in the applicable Trust agreement and are paid in accordance with the terms thereof.

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

Our firm does not charge a performance-based fee.

Item 7 – Types of Clients

Our firm generally provides wealth management and investment advisory services to individuals and families and their related business entities, trusts, estates, charitable foundations and pension and profit sharing plans.

We require accounts to be opened with a minimum asset value of \$1,000,000. We may waive the minimum, at our sole discretion.

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

We analyze individual securities using fundamental analysis. Fundamental analysis is a method of evaluating a security by examining both the quantitative and qualitative factors that affect the security's value.

We analyze investment managers using a proprietary process that evaluates multiple quantitative and qualitative factors. The quantitative factors include, but are not limited to, the manager's performance history on both an absolute basis, and versus peers and benchmarks, as well as risk statistics such as alpha, beta, standard deviation, and Sharpe ratio.

We also evaluate the manager for consistency of investment style and in some cases, an attribution analysis is reviewed to gain insight into the manager's sources of return.

The qualitative factors include, but are not limited to, review of the manager's investment strategy and process, the education and experience of the manager, and the resources of both the manager's investment team and firm. We also evaluate fund dynamics such as fees and expenses, amount of assets under management, cash flows into and out of the manager's control, investment minimums, and redemption fees and restrictions.

The main sources of information utilized in our analysis include financial newspapers and magazines, inspections of corporate activity, meetings with company representatives, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Our primary investment strategy is long-term strategic asset allocation. Strategic asset allocation is the process of determining the appropriate long-term allocation to a broad set of asset classes.

During the asset allocation process, both the statistical techniques of Modern Portfolio Theory and our own professional judgment are employed to attempt to create portfolios that maximize return for a given level of risk. Modern Portfolio Theory, also known as mean-variance analysis, is a mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk. It is a formalization and extension of diversification in investing, the idea that owning different kinds of financial assets is less risky than owning only one type of financial asset. Its key insight is that an assets' risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. It uses the variance of asset prices as a proxy for risk.

Our strategic asset allocations are adjusted periodically, as may be deemed necessary, based on changes to the global economy, the financial markets, and the investment opportunity set. Portfolios are periodically rebalanced back to the long-term strategic allocation when a significant under or over weighting occurs due to changes in the financial markets or as the result of client additions or withdrawals.

A secondary investment strategy we may employ is known as tactical allocation. Tactical allocation is a shift of the long-term strategic allocation to either capitalize on favorable investment opportunities or to seek to avoid unduly risky investment situations. Tactical allocations are made when the valuation of an asset class is significantly above or below its long-term historic norm. Though tactical opportunities have been fairly rare, occasionally there is an opportunity to purchase assets at a price far lower than their historic norm or sell assets at a price far above their historic norm.

Portfolios are customized for each client, taking into account factors such as risk tolerance, time horizon, desired return, and investment preferences. The investment strategy for a specific client is based upon the objectives stated by the client during consultations with us. The client may change their objectives at any time and clients are urged to communicate any such changes to us promptly.

Our asset allocation strategy is generally implemented using investment managers. Our objective is to employ the best available managers in each asset class. We do not receive compensation, whether directly or indirectly, from investment managers, nor do we receive commissions for using any particular manager.

Our only criteria when selecting managers is that we believe the manager is among the best available and is appropriate for the portfolio.

Ward may invest in a range of different equity securities for its clients, depending on the strategy, including Global Value, U.S. Large Cap, U.S. Small Cap, International, Emerging Markets and Private Equity securities. The types of fixed income securities Ward may utilize, depending on the

strategy selected for the client, include U.S. Short-Term, U.S. Intermediate-Term, U.S. Long-Term, U.S. Municipals/Tax-Exempt, International and High Yield fixed income securities. Additionally, Ward may invest in real assets, depending on the strategy, including commodities, master limited partnerships, gold and Treasury Inflation Protected Securities. All investment programs involve risks that clients must be prepared to bear, including the possible risk of loss of their entire investments. Our investment approach seeks to mitigate these risks, however, no assurance can be given that our strategies will be sufficient to fully mitigate against all possible risks. Clients face certain specific risks, including, but not limited to:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today may not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Business risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- Call Risk: Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- Credit Risk: The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues: Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 spread rapidly around the world since its initial emergence in China in December 2019 and negatively affected (and may continue to adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).
- Geopolitical Risk: Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal, disciplinary or administrative events affecting Ward or any of its management persons.

Item 10 – Other Financial Industry Activities and Affiliations

Our firm is a registered investment adviser and therefore we are actively engaged in the business of giving investment advice. Neither we nor any of our management persons are engaged in any other financial industry activities nor do we have any other financial industry affiliations.

We have established relationships with a network of companies and professionals that allow us to provide our clients with whatever product, service, or advice is needed given your unique needs and circumstances. We do not receive any form of compensation for these recommendations in an effort to avoid any conflicts of interest.

Item 11 – Code of Ethics

We have adopted a Code of Ethics (the “Code”) for all access persons (any director, officer, general partner, employee or intern) of the firm describing our high standard of business conduct, and fiduciary duty to you. The Code includes provisions relating to the confidentiality of your information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All access persons are required to acknowledge the terms of the Code. You may request a copy of our Code by contacting us at wa@wardinvest.com or by phone at (858) 759-5330.

Additionally, we have established policies and procedures that forbids any partner, employee, investment advisory representative, or other associated persons from trading, either personally or on behalf of others, on material non-public information or communicating material nonpublic information to others in violation of the Insider Trading and Securities Fraud Enforcement Act of 1988. We have adopted an “Agreement to Abide by Written Policy on Insider Trading” which is required to be read by all partners, employees, investment advisory representatives and other associated persons and signed as part of the “Code of Ethics Acknowledgement.”

The firm’s principals use the same investment selection and portfolio management methods and strategies for themselves as for their clients. As such, we are permitted to purchase and sell the same securities for ourselves as for our clients. In determining which securities are purchased and sold for a client’s portfolio, we seek to consider the appropriateness of the security for the portfolio under consideration.

The Code requires that all individuals act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Item 12 – Brokerage Practices

Except to the extent you direct otherwise, we will use our discretion in recommending the broker-dealer and therefore the commission charged. In selecting or recommending the broker-dealer, we will comply with the Investment Advisers Act of 1940 and with our fiduciary duty to obtain best execution.

We consider such relevant factors as:

- Commission schedule for mutual fund and stock transactions;
- The number of mutual funds available through the broker-dealer, including non-transaction fee funds;
- Account maintenance fees;
- Frequency, clarity, and accuracy of the broker-dealer's reports;
- Availability of dividend reinvestment plan;
- Value added services for clients (e.g., check writing, debit cards, wire transfers, and broad selection of taxable and non-taxable money market accounts);
- Ability to download account information into investment management and financial planning software;
- Access to online trading and account management; and
- Ability to correspond with broker and perform administrative tasks online.

The firm's partners have the responsibility for monitoring the firm's trading practices, gathering relevant information, periodically reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates, and overall brokerage relationships, among other things. We also conduct periodic reviews of our brokerage and best execution practices, which we document in writing.

Soft Dollars

Ward does not select or recommend broker-dealers based on such broker-dealer's ability to make client referrals.

Directed Brokerage

Ward may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Any client instructions to us regarding directed brokerage are to be in writing with appropriate disclosures that for any directed brokerage arrangements Ward may not negotiate commissions, obtain volume discounts or aggregate directed transactions, and that commission charges may vary among clients and best execution may not be obtained.

Therefore, prior to directing our firm to use a specific broker-dealer, clients should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that they might not obtain commissions rates as low as it might otherwise obtain if our firm had discretion to select other broker-dealers. Clients must also notify our firm in writing if they decide to terminate the directed brokerage arrangement.

Item 13 – Review of Accounts

At a minimum, on a monthly basis we review clients' custodial monthly account statements and reconcile that to the records we maintain in our portfolio management system.

On a quarterly basis, in conjunction with our quarterly performance review and reporting procedures, we evaluate each client's individual investments, investment style, asset allocation and various other portfolio statistics. Our review is intended to ensure the individual investments are appropriate for the client's account both in composition and in weighting and ensures the investment strategy for the account is being followed. All accounts are reviewed by one or both of the firm's partners.

Clients may request a review of their accounts at any time. We utilize both portfolio management and portfolio rebalancing software which allow us to review all accounts on a daily basis if needed.

As part of our account review process, client's receive a quarterly report showing their investment results by asset class for the year-to-date, as well as line items showing beginning value, ending value, investment gain, net contributions, capital appreciation, income, management fees and other expenses. The quarterly performance report includes the rate of return on each investment category and for the portfolio as a whole. The return for each investment category is compared to the most relevant benchmark index.

Item 14 – Client Referrals and Other Compensation

Our firm does not compensate any third parties for referrals. We also do not accept referral fees or any form of remuneration from other professionals when we refer a prospect or client to them.

Item 15 – Custody

As a matter of policy and practice, we do not permit employees or the firm to accept or maintain physical custody of client assets. It is our policy that we do not accept or hold client funds or securities. Client assets are maintained with qualified independent third-party custodians, which

include registered broker-dealers, banks and other qualified custodians. Clients receive at least quarterly statements directly from the custodian that holds and maintains their assets. We urge clients to review these statements and compare them to the quarterly reports they receive from us.

The partners in our firm do serve as Trustees on accounts for some of our clients. As a result of this, we are deemed to have custody of client assets for these accounts. These client assets are maintained at independent third-party custodians. As a result of having custody in these instances, we undergo an annual surprise examination by an independent public accountant to verify client funds and securities.

Item 16 – Investment Discretion

Our firm accepts discretionary authority to manage securities accounts on behalf of clients. We have the authority to determine, without obtaining specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, as a matter of policy, we endeavor to consult with clients prior to each trade so that clients are aware of and agree with, the changes being made in their respective accounts.

Our firm also provides non-discretionary asset management services which require us to obtain the client's express permission and authorization prior to placing trades in a client's account.

Item 17 – Voting Client Securities

As a matter of policy and practice, our firm has no authority to vote proxies on behalf of our advisory clients. Proxy voting materials are sent directly from the custodian of record to the client. We may offer assistance as to proxy matters upon request, but clients will always retain the proxy voting responsibility.

Item 18 – Financial Information

Our firm does not have any financial impairment that may preclude us from meeting contractual commitments to our clients and has not been the subject of a bankruptcy proceeding.