



## FIRM BROCHURE (PART 2A OF FORM ADV)

# CARLSBAD WEALTH ADVISORY GROUP, INC

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This Firm Brochure provides information about the qualifications and business practices of Carlsbad Wealth Advisory Group, Inc (Carlsbad Wealth, we, us, our, or firm). If you have any questions about the contents of this brochure, please contact us at (760) 607-0812.

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.

Carlsbad Wealth Advisory Group, Inc is a SEC registered investment advisor. Registration of an investment advisor does not imply a certain level of skill or training.

Additional information about Carlsbad Wealth is also available on the SEC's website at [www.adviserinfo.sec.gov/firm/summary/146587](http://www.adviserinfo.sec.gov/firm/summary/146587).

## Item 2: Material Changes

The SEC requires all registered investment advisors under its supervision, including Carlsbad Wealth, to disclose annually or as they occur a summary of specific and significant changes within the Firm.

Since the last amendment of this Brochure in February 2023, there have been the following material changes:

### ITEM 4

Principal Owners have changed from David George and Andrew Sontag to Andrew Sontag and Heather Sontag.

### ITEM 5

Update to the section titled, “Fees and Compensation” which removed flat fee as an option and added a quarterly minimum fee.

The Firm offers information about its qualifications and business practices to clients on, at least, an annual basis. Pursuant to the SEC rules, clients will receive a summary of any material changes to this Brochure within 120 days of the Firm’s business fiscal year end (presently December 31) or more frequently based on materiality. The Firm may further provide other ongoing disclosure information about material changes, as necessary and will send clients a copy or offer to send clients a copy by electronic means (e-mail) or in hard copy form when requested.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since March 4, 2008, and the principal owners are Andrew Sontag and Heather Sontag.

### B. Types of Advisory Services

Carlsbad Wealth offers the following services to advisory clients:

#### ***Investment Supervisory Services***

Carlsbad Wealth offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Carlsbad Wealth will review the client's current situation (income, tax levels, time horizon, and risk tolerance levels) and then construct a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

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

Carlsbad Wealth evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Carlsbad Wealth will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Carlsbad Wealth will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are reviewed and agreed upon with every client before implementation.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and estate planning;.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment advisor's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment advisor. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

#### ***Services Limited to Specific Types of Investments***

Carlsbad Wealth limits its investment advice and/or money management to ETFs, mutual funds, equities, bonds, fixed income, debt securities, no-load annuities, and government securities. Carlsbad Wealth may use other securities as well to help diversify a portfolio when applicable.

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

Carlsbad Wealth offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent on the client's current situation (income, tax levels, and risk tolerance levels) and are used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Carlsbad Wealth from properly servicing the client account, or if the restrictions would require Carlsbad Wealth to deviate from its standard suite of services, Carlsbad Wealth reserves the right to end the relationship.

### D. Wrap Fee Programs

Carlsbad Wealth does not participate in wrap fee programs.

### E. Amounts Under Management

Carlsbad Wealth has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$180,067,873	\$0.00	12/31/2023

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Management, Supervision, & Planning Services Fees*

Total Assets Under Management	Annual Fee
First \$500,000, plus	1.00%
Next \$2,500,000, plus	0.75%
Next \$7,000,000, plus	0.50%
Amounts greater than \$10,000,000	0.40%

The investment management fee schedule above replaces older schedules unless your investment advisory agreement has been amended to reflect a negotiated rate. If you have

contracted with us under a previous fee schedule that is lower than the schedule reflected above, we will continue to bill you at that lower rate.

### ***Account Minimums and Fees***

We generally require a minimum portfolio of \$250,000 for retail investors, and \$1,000,000 for foundations, nonprofits, endowments, and other institutional investors. Our minimum investment portfolio size and fee schedule may be negotiable. We will evaluate your circumstances, investment objectives, types of securities held in your account, account management style, and desired reporting complexity when negotiating our fees.

### ***Account Aggregation for Billing Purposes***

You can request multiple accounts within your relationship to be aggregated for billing purposes. For example, you may request aggregation of your immediate household accounts and certain corporate accounts to take advantage of our tiered fee schedule. However, account aggregation may not be granted if the aggregation requested includes accounts outside of your immediate household (e.g., spouse, children, and your corporate accounts).

### ***Minimum Account Fees***

We generally charge a minimum quarterly fee of \$625 or \$2,500 annually if your account balance falls below \$250,000 for individual investor accounts. We may waive our required minimum account size and fee at our discretion based on your particular facts and circumstances.

### ***Financial Planning Services***

We provide a full range of financial planning services to you as part of our Discretionary Portfolio Management services if desired, at no additional cost to you.

## **B. Payment of Fees**

### ***Payment of Investment Management, Supervision, & Planning Fees***

Our investment management fees are billed quarterly in arrears. Our fees are calculated by taking the average daily balance of your accounts and multiplying it by one quarter of the applicable annual fee percentage rate. Your advisory fee will be directly debited from your account(s) held with your account custodian(s). The advisory fees will be allocated on a pro-rata basis across aggregated accounts in your household billing unless you instruct us to allocate the fees otherwise. You are encouraged to review the amount and calculation of your advisory fee each quarter as your account custodian will not verify the accuracy of our fees. We will also work with you to facilitate the deduction of our quarterly fees from accounts you specify to maintain preservation of assets in your tax advantaged accounts (e.g., Roth IRAs).

**C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Carlsbad Wealth. Please see Item 12 of this brochure regarding broker/custodian.

**D. Prepayment of Fees**

Carlsbad Wealth collects its fees in arrears. It does not collect fees in advance.

**E. Outside Compensation For the Sale of Securities to Clients**

Carlsbad Wealth does not receive any commissions or fees from any third parties. We strive to negotiate and minimize such expenses wherever possible. We do not charge a markup on securities purchased or sold in your accounts. We do not receive any compensation based on the securities recommended. We do not receive commissions of any kind from trades executed in your account.

**F. Termination of Services**

Our advisory agreement may be terminated at any time by any party giving written notice to the other. You may terminate our advisory agreement without penalty within five (5) business days of the date of entering into the agreement. The firm will generally waive its fees when you terminate within one month into any calendar quarterly billing cycle. If you terminate thereafter, you will be billed for the period through the date of termination (approximately the date we receive notice from you.) We will either deduct such fees directly from your account prior to delinking or invoice you for the balance of any fee due. All outstanding client advisory fees are immediately due and payable upon termination.

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

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

**Item 7: Types of Clients**

Carlsbad Wealth generally provides investment advice and/or management supervisory services to the following Types of Clients:

- |                              |   |
|------------------------------|---|
| ❖ Individuals                | ❖ Corporate Pensions & Profit Sharing Plans |
| ❖ High-Net-Worth Individuals | ❖ Individual Retirement Plans               |
| ❖ Trusts                     | ❖ Foundations                               |
| ❖ Charitable Organizations   | ❖ Endowments                                |
| ❖ Estates                    |   |



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

### A. Methods of Analysis and Investment Strategies

#### *Investment Strategies*

Carlsbad Wealth primarily implements long term trading strategies. In rare cases we will utilize covered-call options writing.

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

### B. Material Risks Involved

#### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Covered-Call options writing generally holds a greater risk and clients should be aware that there is a chance of material risk of loss using any of these strategies.

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

### C. Risks of Specific Securities Utilized

Carlsbad Wealth generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize options writing. Options writing generally hold greater risk of capital loss and clients should be aware that there is a chance of material risk of loss using any of those strategies.

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

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business.

## Item 10: Other Financial Industry Activities and Affiliations

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

Neither Carlsbad Wealth nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

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

Neither Carlsbad Wealth nor its representatives are registered as a FCM, CPO, or CTA.

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

Neither Carlsbad Wealth nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

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

Carlsbad Wealth does not utilize nor select other advisors or third party managers. All assets are managed by Carlsbad Wealth management.

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

**A. Code of Ethics**

Carlsbad Wealth has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

**B. Recommendations Involving Material Financial Interests**

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

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

Representatives of Carlsbad Wealth may buy or sell securities for themselves that they also recommend to clients. Carlsbad Wealth will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

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

From time to time, representatives of Carlsbad Wealth may buy or sell securities for themselves at or around the same time as clients. Carlsbad Wealth will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

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

Advisor may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab Advisor Services"), a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. Advisor and Schwab Advisor Services are separate, unaffiliated entities. Schwab Advisor Services provides Advisor with access to its institutional trading and operations services typically not available to Schwab's retail customers. These services generally are available to independent investment advisory firms at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Advisor Services. Schwab Advisor Services include brokerage, custody, research, 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 Advisor Services also makes available to Advisor other products and services that benefit Advisor. Some of these other products and services assist Advisor in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as balances, positions and transactions, as well 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 Advisor's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of Advisor's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services may also provide Advisor with other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

#### **1. Research and Other Soft-Dollar Benefits**

Schwab Advisor Services also provides various products, services and other benefits to Advisor at no cost or a reduced cost based upon Advisor's commitment that Advisor's clients

will place or maintain a specified dollar amount of assets in accounts with Schwab Advisor Services within a specified period of time. Advisor may be influenced by this commitment in recommending or requiring that clients' establish brokerage accounts at Schwab Advisor Services.

The products and services or other benefits provided by Schwab Advisor Services include payments offsetting the fees otherwise payable by Advisor for: (1) software that, among other things, may provide portfolio accounting, performance reporting, and relationship management.

Some of the products, services and other benefits provided by Schwab Advisor Services benefit Advisor and may not benefit Advisor's clients' accounts. Advisor's recommendation that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Advisor, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

Advisor places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Advisor may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that Advisor is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers.

For Advisor's clients' accounts maintained in custody at Schwab, Schwab generally does not charge separately for custody but is compensated by the account holders through commissions or other fees related to transactions and/or assets held in the client accounts.

## **2. *Brokerage for Client Referrals***

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

## **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

Carlsbad Wealth will not allow clients to direct Carlsbad Wealth to use a specific broker-dealer to execute transactions. Clients must use Carlsbad Wealth recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, Carlsbad Wealth may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

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

Carlsbad Wealth maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## Item 13: Reviews of Accounts

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

Client accounts are reviewed at least quarterly by David George and/or Andrew Sontag and/or Heather Sontag. The chief advisors are instructed to review client accounts with regards to their investment policies and risk tolerance levels. All accounts at Carlsbad Wealth are assigned to these reviews.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by David George and/or Andrew Sontag and/or Heather Sontag. There is only one level of review and that is the total review conducted to create the financial plan.

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

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

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

Each client will receive at least quarterly a written report detailing the client's account which may come from the custodian.

It is important for clients to carefully review accounts statements sent by the custodian (i.e. Schwab, Fidelity, etc.). Quarterly reports sent by Carlsbad Wealth should be considered secondary to Custodian generated statements. Carlsbad Wealth does its best to ensure a high level of accuracy, however Carlsbad Wealth generated reports may not be error-free.

Clients who opt for financial planning are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

## Item 14: Client Referrals and Other Compensation

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

Carlsbad Wealth does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Carlsbad Wealth clients.

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

Carlsbad Wealth currently does not compensate any person or entity for client referrals.

### **Item 15: Custody**

While all client assets are held by a qualified custodian, primarily Schwab Advisor Services, Carlsbad Wealth retains third-party disbursement authority for some client accounts via a Standing Letter of Authorization (SLOA). Therefore, Carlsbad Wealth is considered to have limited custody of some client assets. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

For those client accounts where Carlsbad Wealth provides ongoing supervision, the client has given Carlsbad Wealth written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides Carlsbad Wealth discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

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

Carlsbad Wealth will accept voting authority for client securities in certain cases. When Carlsbad Wealth does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. Clients may direct Carlsbad Wealth on how to vote client securities by communicating their wishes in writing or electronically to Carlsbad Wealth. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of Carlsbad Wealth may obtain the voting record of Carlsbad Wealth on client securities by contacting Carlsbad Wealth at the phone number or e-mail address listed on the cover page of this brochure.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

Carlsbad Wealth does not require nor solicit prepayment of client fees, and therefore does not need to include a balance sheet with this brochure.

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

Neither Carlsbad Wealth nor its management have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

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