



Form ADV, Part 2A  
Disclosure Brochure  
March 30, 2024

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This brochure provides information about the qualifications and business practices of WealthSource® Partners, LLC (“WealthSource”). If you have any questions about the contents of this brochure, please contact us at (805) 546-1000. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about WealthSource is also available on the SEC’s website at [adviserinfo.sec.gov](https://adviserinfo.sec.gov) by searching for CRD No. 282202. References herein to WealthSource as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since the last annual amendment to this Disclosure Brochure on March 31, 2023, the following amendments were made:

The Advisory Business section was amended to remove A. Bryan Sullivan as Chief Executive Officer, M. Patrick Brewer as Chief Strategy Officer and as a Board Member of WealthSource Holdings, Inc., Jon Dubravac as Chief Business Development Officer, and Justin Goodbread as President, and to add Ryan Mannen as Chief Technology Officer and Natalia Autenrieth as Chief of Staff. In addition, disclosures were updated to announce that WealthSource entered into definitive agreements with OneDigital Investment Advisors LLC (“ODIA”) on December 1, 2023 pursuant to which certain assets of WealthSource were sold to ODIA and that as a result, many of WealthSource’s investment adviser representatives are now investment adviser representatives of ODIA and WealthSource anticipates that it will withdraw its registration as an investment adviser on or before August 27, 2024.

The Other Financial Industry Activities and Affiliations section was amended to update information regarding Investment Adviser Representatives of WealthSource who engage in outside business activities as Registered Representatives and/or Licensed Insurance Agents/Producers and to remove disclosures regarding Two Rivers Fiduciary Co., whose trust, estate, fiduciary, custodial and/or other services are no longer recommended by WealthSource to clients, and to remove disclosures regarding Timberline Bank, which no longer serves as a Promoter for WealthSource.

The Brokerage Practices section was amended to remove disclosures regarding TD Ameritrade, Inc., which was acquired by Charles Schwab & Co., Inc., and to remove disclosures regarding Two Rivers Fiduciary Co. because WealthSource no longer recommends its custodial services to clients.

The Client Referrals and Other Compensation section was amended to remove disclosures relating to Timberline Bank and Darrel Mattivi who are no longer serving as Promoters for WealthSource.

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## Item 4 – Advisory Business

### BACKGROUND

WealthSource Partners, LLC is a Nevada limited liability company that was organized on November 2, 2015 in the state of California, and subsequently became registered as an investment adviser on February 18, 2016. WealthSource was created from the merger of the assets of Vellum Financial, LLC, formerly a California limited liability company, and Avant-Garde Advisors LLC, formerly a Delaware limited liability company, both of which were originally formed in 2009.

WealthSource is a wholly owned subsidiary of WealthSource Holdings, Inc., a Nevada corporation (“WHI”). WHI is controlled by a Board of Directors that consists of A. Bryan Sullivan, President; Eric Patton, Secretary and Treasurer; and Jon Dubravac. Mr. Sullivan is the only shareholder who owns, directly or indirectly, 25% or more of WHI’s outstanding voting securities. With respect to WealthSource, Mr. Patton serves as Chief Financial Officer, Jason Mirabella serves as Chief Operating Officer, Christopher Shea serves as Chief Investment Officer, Ryan Mannen serves as Chief Technology Officer, Natalia Autenrieth serves as Chief of Staff and David Ito serves as Chief Compliance Officer and General Counsel.

On December 1, 2023, WealthSource entered into definitive agreements with OneDigital Investment Advisors LLC (“ODIA”), a registered investment adviser, pursuant to which certain assets of WealthSource were sold to ODIA (“Acquisition”). As a result of the Acquisition, many of WealthSource’s investment adviser representatives have now also become investment adviser representatives of ODIA and WealthSource anticipates that it will withdraw its registration as an investment adviser on or before August 27, 2024.

WealthSource offers advisory services, which generally consist of (1) financial planning (level of detail and any written work product will vary by client engagement), (2) the provision of discretionary or non-discretionary investment recommendations relating to the purchase or sale of securities and/or the selection of third-party investment managers who are responsible for making portfolio management decisions (“Sub-Advisers”), (3) the ongoing monitoring of clients’ securities portfolios, and (4) non-discretionary recommendations regarding the purchase, exchange or surrender of insurance products. WealthSource’s advisory services are tailored to the specific needs of each client based on their investment objective(s), financial circumstances, and risk tolerance as conveyed to or assessed by an investment adviser representative of WealthSource (“IAR”).

All clients can impose reasonable restrictions, at any time, on the securities or types of securities to be held in their portfolios. Restrictions, however, are deemed “unreasonable” (1) if they would interfere with the ability of WealthSource or a Sub-Adviser to make investment decisions in a timely manner, (2) if they would compel WealthSource to make investment decisions that would

be inconsistent with the client's investment objectives, financial circumstances and/or risk tolerance, or (3) with respect to assets managed by a Sub-Adviser, if the Sub-Adviser prohibits clients from imposing the requested restriction. Any investment restrictions or changes to such restrictions must be provided to WealthSource in writing and signed by the client. Please note that the imposition of one or more investment restrictions could result in investment returns that are less optimal than the investment returns that would have been achieved if no investment restrictions were imposed on WealthSource.

As of March 22, 2024, WealthSource had \$2,116,238,123 in assets under management, of which \$2,020,531,070 was managed on a discretionary basis.

## **INVESTMENT ADVISORY SERVICES**

WealthSource offers a variety of investment advisory services on a discretionary or non-discretionary basis through its IARs. These services include, but are not limited to, the creation of investment and/or asset allocation strategies that are customized by the IAR for the client and/or the creation of customized portfolio allocations to model portfolios managed by WealthSource under the direction of its Chief Investment Officer (hereafter, "**WSP Models**") or model portfolios managed by the IAR. The types of investments held in client accounts will vary depending on the investment/asset allocation strategy and/or model portfolio utilized in the management of the client's account and can include, but are not limited to, exchange-traded funds ("**ETFs**"), mutual funds, exchange traded notes ("**ETNs**"), variable annuities, real estate investment trusts, equities, fixed income securities, options contracts, levered ETFs, structured products and other non-publicly-traded securities such as private investment funds (e.g., private equity funds, hedge funds).

WealthSource may also utilize margin and/or engage in short selling in the management of client accounts. Clients should be aware that the market value of a client's account and corresponding fee payable by the client to WealthSource is generally increased as a result of the use of leverage and, consequently, a conflict of interest exists when WealthSource recommends the use of margin or short selling to clients. Client accounts are generally rebalanced or reallocated periodically in order to reestablish the targeted percentages of the initial asset allocation. This rebalancing or reallocation will generally be performed quarterly but may be performed more or less frequently.

### **Third-Party Investment Managers**

In providing investment advisory services, WealthSource may also recommend the portfolio management services of other unaffiliated, independent investment advisers based on the needs of the client. When recommending third-party investment managers on a discretionary basis, WealthSource is responsible for performing due diligence on the third-party investment manager, hiring one or more third-party investment managers on behalf of the client, monitoring each third-party investment manager's performance and adherence to its stated investment strategy and, if necessary, terminating the third-party investment manager on the client's behalf.

Such third-party investment managers are hereafter referred to as “**Sub-Advisers**”.

When recommending third-party investment managers on a non-discretionary basis, WealthSource will refer one or more third-party investment managers to the client for the client’s consideration. If the client elects to utilize a referred third-party investment manager, the client will enter into an investment management agreement directly with such investment manager and, consequently, WealthSource will not have the authority or ability to hire or terminate the third-party investment manager on the client’s behalf. Such third-party investment managers are hereafter referred to as “**TPIMs**”. Clients should be aware that when WealthSource refers a TPIM, WealthSource will be acting as a solicitor for such investment managers. Under this arrangement, the client will not pay any investment advisory fees to WealthSource with respect to assets placed under the TPIM’s management. Instead, WealthSource will be compensated through the receipt of solicitation fees paid by the TPIM. Please see the “[Item 5 – Fees and Compensation](#)” and the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” sections below for important information regarding conflicts of interest relating to WealthSource’s activities as a solicitor.

In light of the breadth of investment strategies that are available through Sub-Advisers and TPIMs and the unique combination of investment risks associated with each type of investment strategy, clients who are recommended the services of a Sub-Adviser or referred to a TPIM should carefully review the Form ADV, Part 2A (i.e., disclosure brochure), applicable Part 2Bs (i.e., brochure supplements), and Part 3 (i.e., Form CRS or client relationship summary) of the Sub-Adviser and/or TPIM for important information concerning the Sub-Adviser and/or TPIM and their investment strategies, including any associated risks and conflicts of interest.

## **PENSION CONSULTING SERVICES**

WealthSource also offers fee-only, non-discretionary pension consulting services primarily to corporate retirement plans. Such services typically include the provision of investment advice about asset classes and investment alternatives, assistance in the selection of investment options to be made available by the retirement plan to its participants, monitoring of investment options that have been selected, periodic onsite meetings with responsible plan fiduciaries and providing general education to the plan’s participants.

## **FINANCIAL PLANNING SERVICES (STAND-ALONE)**

WealthSource offers stand-alone financial planning services on an ad hoc, project or ongoing basis, which generally involves an analysis of the client’s current financial situation, goals, and objectives in order to provide advice and/or guidance on a range of topics that may include: Investment Analysis and Planning, Retirement Planning, Charitable Planning, Education Planning, Real Estate Analysis, Mortgage/Debt Analysis and/or Insurance Analysis.

## **INSURANCE PLANNING SERVICES**

WealthSource offers discretionary and non-discretionary insurance planning services limited to insurance products recommended and/or sold by DPL Financial Partners, LLC (“**DPL**”) to clients. As part of these services, WealthSource provides non-discretionary advice regarding the advisability of DPL’s insurance recommendations in relation to the client’s overall financial planning objectives or plan, which include recommendations to purchase a new insurance product; adding on or forgoing a rider to a new insurance product; retaining, annuitizing, exchanging, surrendering, lapsing or withdrawing from an existing insurance product; taking out a loan from an existing insurance product and/or entering into a life and/or viatical settlement with respect to an existing insurance product as well as discretionary advice regarding the allocation of investments between variable insurance product sub-accounts, changing indices for interest-crediting rates, and/or changing an insurance product’s indexing method. Please see the [“Item 10 – Other Financial Industry Activities and Affiliations”](#) section below for important information regarding WealthSource’s relationship with DPL.

## **Item 5 – Fees and Compensation**

### **INVESTMENT ADVISORY FEES**

WealthSource’s annual fees for discretionary investment advisory services will consist of either (i) an investment advisory fee, (ii) an investment advisory fee and an asset management fee, (iii) an investment advisory fee and a sub-advisory fee or (iv) an investment advisory fee and a WealthLink fee (please see the [“Item 5 – WealthLink Fees”](#) section below for more information on this fee”). WealthSource’s annual fees for non-discretionary investment advisory services will consist of either (i) an investment advisory fee or (ii) an investment advisory fee and an asset management fee. Investment advisory fees may be negotiable, however, asset management fees, sub-advisory fees and WealthLink Fees are not negotiable. WealthSource’s annual fees for discretionary and non-discretionary investment advisory services (“**Adviser’s Fees**”) are typically based on a percentage (%) of the market value of the assets under WealthSource’s management, but clients may have other types of fee arrangements with WealthSource such as a flat fee arrangement. The final fee arrangement with each client will be delineated in the client’s Investment Management Agreement with WealthSource (“**IMA**”).

Clients generally elect to have Adviser’s Fees deducted directly from their custodial accounts, but, in the alternative, may elect to be billed for such fees. When clients elect to have Adviser’s Fees deducted directly from their custodial accounts, the client’s IMA and/or the custodial/clearing agreement will authorize the custodian to debit Adviser’s Fees from the client’s custodial accounts and authorize the custodian to remit such fees to WealthSource. In the limited event that WealthSource bills the client directly for investment advisory fees, payment is due within fifteen (15) days of the issuance of WealthSource’s invoice.

Adviser’s Fees are generally charged monthly in advance but may also be charged quarterly in advance or monthly or quarterly in arrears. Clients, however, should be aware that the portion



of Adviser's Fees that represent sub-advisory fees may not be charged based on the same fee billing methodology as the rest of Adviser's Fees. E.g., A client utilizing a Sub-Adviser may have their sub-advisory fees deducted quarterly in arrears, but the rest of their Adviser's Fees deducted monthly in advance for the same account. Asset-based Adviser's Fees range from a minimum of 0.50% to a maximum of 2.00%, however, certain clients may be grandfathered into fee arrangements that are below the current minimum annual fee of 0.50%. Asset-based Adviser's Fees are calculated using the market value of the assets on the last business day of the previous month or quarter using an actual/365 day-count convention, depending on the negotiated fee billing methodology.

Adviser's Fees are prorated for any new account opened during a calendar month or quarter. For clients billed in advance, the prorated investment advisory fee is determined by calculating the monthly or quarterly investment advisory fee using the market value of the new assets on the date they come under WealthSource's management and then multiplying that amount by the number of calendar days left in the month/quarter, including the day the new assets came under WealthSource's management, and then dividing that amount by the number of calendar days in the month/quarter. For clients billed in arrears, the prorated investment advisory fee is determined by calculating the monthly or quarterly investment advisory fee using the market value of the new assets on the last business day of the month or quarter and then multiplying that amount by the number of calendar days in the month/quarter that the account was under WealthSource's management, including the day the new assets came under WealthSource's management, and then dividing that amount by the number of calendar days in the month/quarter. WealthSource does not prorate its investment advisory fees with respect to cash flows except as part of a new account opening.

If a client terminates their IMA prior to the end of a month or quarter and was billed in advance, the client will receive a refund of any unearned investment advisory fees that were deducted from their custodial account(s). If the client was billed in arrears, the client will be responsible for paying pro-rated investment advisory fees for services rendered up to and through the date of termination. The amount of any refund is calculated by dividing the number of calendar days left in the month/quarter after the date of termination by the total number of calendar days in the month/quarter and multiplying that amount against the investment advisory fee that was received in advance for the month or quarter. The value of any amount owed is determined by calculating the monthly or quarterly fee using the market value of the assets on the date of termination and then multiplying that amount by the number of calendar days in the month/quarter up to and including the date of termination and then dividing that amount by the total number of calendar days in the month/quarter.

If a Sub-Adviser is utilized to manage a client's account, the Sub-Adviser's fee may be included in Adviser's Fees or charged separately by the Sub-Adviser directly to the client. In either case, clients should be aware that they may see more than one fee deduction each month from their account. E.g., If the client is billed monthly in advance by WealthSource and utilizes a Sub-Adviser who bills quarterly in arrears, client's account will have sixteen (16) deductions for

Adviser's Fees each year [i.e., twelve (12) for WealthSource, four (4) for the Sub-Adviser].

Sub-advisory fees are negotiated, if possible, by WealthSource with each Sub-Adviser on behalf of WealthSource's clients as a collective group. Sub-advisory fee arrangements, sub-advisory fee calculation methodologies, and, if applicable, the method by which a Sub-Adviser values assets for fee calculation purposes may vary materially from one Sub-Adviser to another. Clients should be aware that they may be able to obtain the same or similar services offered by one Sub-Adviser from another Sub-Adviser or from WealthSource directly for a lower fee.

The Sub-Adviser's fee calculation methodology and, if applicable, the method by which the Sub-Adviser values assets for fee calculation purposes will generally be set forth in the respective Sub-Adviser's Form ADV, Part 2A, which should also disclose the Sub-Adviser's practices with respect to proration of sub-advisory fees. Clients are solely responsible for verifying the accuracy of any sub-advisory fees that are directly deducted from their accounts by a Sub-Adviser.

## **FEE DIFFERENTIALS**

The investment advisory fee portion of Adviser's Fees will vary from client to client based, in part, on the IAR assigned to the client and his/her background and experience as well as various objective and subjective factors, which include, but are not limited to, the amount of assets placed under WealthSource's management, the types of securities to be managed by WealthSource, the level and scope of the overall investment advisory services to be rendered, and the complexity of the engagement. Consequently, two similar clients may be charged materially different Adviser's Fees. Although WealthSource believes that its fees are reflective of the value of the services that WealthSource provides to each client, clients should be aware that the services provided by WealthSource may be available from other investment advisers for a lower fee.

*Clients, consequently, are encouraged to review and assess the services that WealthSource offers and make their own independent determinations regarding WealthSource's investment advisory fees prior to entering into an investment advisory agreement with WealthSource.*

## **WEALTHLINK FEES**

Clients utilizing WealthLink to receive investment advisory services from WealthSource are charged a non-negotiable fee of 0.35% of the market value of the client's assets on the WealthLink platform. While the WealthLink platform can be utilized for almost any type of account at any institution, the WealthLink platform is primarily intended for use with accounts that cannot be moved to a different custodian such as employer-sponsored 401(k) and 403(b) plan accounts, health savings accounts, and accounts held in 529 plans. Accounts managed by WealthSource via the WealthLink platform that are subject to commissions, loads and/or other transaction fees are directed brokerage accounts. Please see the "[Item 12 – Directed Brokerage](#)" section below for important information regarding best execution and brokerage

commissions/fees. WealthLink fees cannot be directly deducted from accounts on the WealthLink platform. Consequently, WealthLink fees will be deducted directly from another custodial account of the client's under WealthSource's management or billed directly to the client.

## **INSURANCE PLANNING FEES**

Insurance planning fees charged by WealthSource are calculated and determined in the same manner and under the same terms and conditions as the client's investment advisory fee for investment advisory services, except that (i) instead of using the market value of the assets under WealthSource's management to calculate fees, the cash value of the insurance products sold by DPL Financial Partners, LLC ("**DPL**") to the client is used, (ii) for insurance planning fees billed in advance, instead of using the date that the new assets came under WealthSource's management, the date the insurance product was purchased by the client is used, (iii) with respect to clients electing to have their insurance planning fees automatically deducted as opposed to being billed directly to them, instead of deducting fees directly from the client's custodial accounts, fees will be deducted directly from the cash value of the client's insurance products and (iv) the insurance planning fee schedule must mirror the client's investment advisory fee schedule (e.g., if the client's investment advisory fee rate is 2.00% of the assets under WealthSource's management, the client's insurance planning fee rate must be 2.00% of the cash value of the client's insurance products sold to them by DPL). Please see the "[Item 5 – Investment Advisory Fees](#)" section above for important information regarding the calculation and billing of insurance planning fees.

## **OTHER FEES AND EXPENSES CLIENTS MAY PAY**

WealthSource's investment advisory fees are exclusive of bank service fees, interest on loans and debit balances, wire transfer and electronic fund transfer fees, interest on margin accounts, borrowing charges on securities sold short, odd-lot differential fees, transfer taxes, and other fees and taxes on brokerage accounts and securities transactions.

WealthSource's investment advisory fees are also exclusive of brokerage commissions and/or transaction fees for effecting securities transactions (e.g., transaction fees for certain no-load mutual funds, commissions on stocks/equity securities, asset-based pricing service fees) and custodial fees. Please see the "[Item 12 – Brokerage Practices](#)" section below for discussions regarding certain expenses and brokerage which may be relevant to this discussion of fees and your assessment of WealthSource's services.

Clients should also be aware that WealthSource may recommend ETFs and mutual funds as part of its investment strategies. Investments in ETFs, mutual funds, including closed-end mutual funds, and private investment funds, however, generally include an embedded investment advisory fee paid to an unaffiliated third-party investment manager. As such, clients with investments in these types of securities are subject to two layers of investment advisory fees.

## **PROMOTER/SOLICITATION FEES**

As noted above, when WealthSource refers TPIMs on a non-discretionary basis to clients, WealthSource acts as a promoter or solicitor for the TPIM and typically shares in the fees received by the TPIM from WealthSource's clients who were referred to the TPIM. The receipt of promoter or solicitation fees by WealthSource creates a material conflict of interest as WealthSource will be acting as an agent for the TPIM and the client simultaneously and the recommendation of the TPIM may be influenced by the fee to be received by WealthSource rather than solely on the needs and best interests of the client. WealthSource addresses this conflict of interest by providing disclosure to effected clients about the arrangement and the conflict of interest. Clients should be aware that they may be able to access the services of the TPIM directly, without WealthSource's involvement, or through other investment advisers at a lower cost than through WealthSource.

## **PENSION CONSULTING FEES**

WealthSource's annual fees for non-discretionary pension consulting services are based on either a percentage (%) of the market value of the pension assets being serviced, generally in a range from 0.35% to 1.00%, or a flat amount. All non-discretionary pension consulting arrangements, including the fees to be paid, however, are negotiated individually with each retirement plan client based on the types of services being provided under the engagement.

Pension consulting fees may be deducted directly from the retirement plan's custodial account(s), including from the accounts of its participants; billed directly to the retirement plan; or billed directly to the retirement plan's sponsor. If WealthSource's pension consulting fees are to be deducted directly from the retirement plan's custodial accounts, the ERISA Non-Discretionary Investment Management Agreement ("EIMA") between WealthSource and the retirement plan client will authorize the custodian to debit the retirement plan client's accounts for the amount of WealthSource's pension consulting fee and to remit such fee to WealthSource. If WealthSource bills the retirement plan client directly for pension consulting fees, payment is due within fifteen (15) days of the issuance of WealthSource's invoice.

Pension consulting fees are generally deducted or billed quarterly in arrears, based on the market value of the assets being serviced by WealthSource as of the last business day of the quarter, but may be billed quarterly or monthly in advance or monthly in arrears in certain circumstances. Pension consulting fees are prorated for any new account opened during a quarter or month.

The EIMA will continue in effect until terminated by either party by written notice in accordance with the terms of the EIMA. If a client terminates their EIMA prior to the end of a quarter or month and was billed in advance, the client will receive a refund of any unearned pension consulting fees that were deducted from their custodial account(s). If the client was billed in arrears, the client will be responsible for paying pro-rated pension consulting fees for services

rendered up to and through the date of termination. The amount of the refund is calculated by dividing the number of calendar days left in the quarter/month after the date of termination by the total number of calendar days in the quarter/month and multiplying that amount against the pension consulting fee that was received by WealthSource in advance for the quarter/month. The value of any amount owed is calculated by dividing the number of calendar days in the quarter/month up to and including the date of termination by the total number of calendar days in the quarter/month and multiplying that amount against the market value of the assets on the date of termination.

### **FINANCIAL PLANNING FEES (STAND-ALONE)**

WealthSource's financial planning fees are based on either a fixed, hourly or annual fee basis, but are negotiable in all cases. On an hourly fee basis, WealthSource generally charges \$500 per hour for IARs, \$200 per hour for paraplanners, and \$75 per hour for administrative time. Hourly financial planning fees are paid quarterly in arrears or upon termination of the client's Financial Planning Agreement with WealthSource ("**FPA**").

On a fixed fee basis, WealthSource's financial planning fees range between \$1,000 to \$50,000 depending on the level and scope of the service required and the professional(s) rendering the service. Fixed fees are generally paid 50% in advance, but never more than six months in advance, with the remainder due within thirty (30) days of the completion of the financial planning service. If the FPA is terminated prior to completion of the financial plan, the fixed fee arrangement will convert to an hourly fee arrangement but will be capped at the negotiated fixed fee amount. If the financial planning services rendered on an hourly basis exceed the amount paid in advance by the client, the client will owe the difference up to the amount of the negotiated fixed fee amount. If the financial planning services rendered on an hourly basis are less than the amount paid in advance by the client, the client will be refunded the difference.

Annual fees for ongoing stand-alone financial planning services are based on either (i) a negotiated fixed fee, which is typically payable monthly in advance, as delineated in the client's FPA, or (ii) a percentage (%) of the market value of the client's assets under WealthSource's management calculated in the same manner as the client's investment advisory fees as delineated in the client's IMA. New clients receiving stand-alone financial planning services will be subject to a one-time financial planning assessment fee as delineated in the client's FPA or IMA. Additionally, new clients receiving stand-alone financial planning services on a fixed fee basis are required to commit to an initial engagement term of twelve (12) months ("**Initial Term**"). During the Initial Term, the FPA may only be terminated by WealthSource.

## **Item 6 – Performance Based Fee and Side-by-Side Management**

Neither WealthSource nor any IAR of WealthSource accepts performance-based fees.

## Item 7 – Types of Clients

WealthSource's clients primarily include individuals, high net worth individuals and corporations. WealthSource generally requires a minimum account opening balance of \$100,000. Multiple accounts of immediately-related-family members, at the same mailing address, may be considered one consolidated account ("**Household**") for purposes of meeting the minimum account opening balance threshold. Furthermore, WealthSource, in its sole discretion, may reduce or waive its minimum account opening balance requirement based on certain criteria (e.g., anticipated assets to be put under WealthSource's management in the future, the dollar amount of the assets to be managed, related accounts under WealthSource's management, and account composition). Sub-Advisers recommended by WealthSource may also impose minimum account opening balance requirements, which may be materially different from those of WealthSource, and may not household accounts in determining whether minimum account opening requirements have been met.

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

### METHODS OF ANALYSIS

IARs and/or WealthSource may use one or a combination of the following methods of securities analysis, directly or indirectly, as part of their overall investment management discipline.

#### **Fundamental Analysis**

This is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. One of the primary assumptions of fundamental analysis is that the market price for a security does not fully reflect the security's "real" value. WealthSource and/or IARs may evaluate a combination of qualitative and quantitative factors to identify undervalued securities, based on both macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors such as financial condition and management.

#### **Technical Analysis**

This is a technique that attempts to determine a security's value by developing models and trading rules based on price and volume transformation. Technical analysis assumes that market prices reflect all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act on relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such



as trends, market participant behaviors, supply and demand and pricing patterns and correlations.

### **Cyclical Analysis**

This is a technique that analyzes historical relationships between price and market trends, to forecast the direction of prices. WealthSource and/or IARs may use cyclical analysis in conjunction with other strategies to help determine if shifts are required for its clients' investment strategies depending on long and short-term trends in financial markets and the performance of the overall national and global economy.

### **Research**

IARs have access to various research reports and/or sources as well as model portfolios, discussed further below, that they may utilize in determining the investment advice to be given to the client. IARs chooses their own research methods, investment styles and management philosophies. Although WealthSource may distribute recommendations to IARs on various topics such as asset allocation, individual securities or investment strategies, IARs may elect not to follow those recommendations in providing investment advice to clients. The following are some types of research that may be utilized by WealthSource and/or its IARs in determining the investment advice to be given to a client: Morningstar reports, YCharts, financial newspapers and magazines (e.g., the Wall Street Journal, Forbes, etc.), annual reports, prospectuses, research materials prepared by others, SEC filings, press releases, corporate rating services, and company websites.

## **INVESTMENT STRATEGIES**

As noted above, each IAR determines their own investment styles and management philosophies that they utilize in providing investment advice to clients. Consequently, while WealthSource offers a wide variety of investment strategies to its clients, the availability of any particular investment strategy, including WSP Models, is dependent on the IAR. Investment strategies utilized by IARs, including WSP Models, may involve the frequent trading of securities, which may result in increased brokerage and other transaction costs and taxes for clients.

The development and maintenance of the Dynamic Allocation Strategy, Dynamic Allocation CA Tax-Aware Strategy, Dynamic Allocation National Tax-Aware Strategy, ESG Innovation Strategy, and Multi-Asset Income Strategy (collectively, “**Dynamic Models**”), part of the WSP Models, are materially supported by BlackRock Fund Advisors and/or its affiliates, including BlackRock Investments, LLC (collectively, “**BlackRock**”), which provides WealthSource with investment research, model recommendations and marketing support at no cost. Research and recommendations provided by BlackRock to WealthSource, however, predominantly favor the use of iShares ETFs, which are distributed by BlackRock. While WealthSource is under no obligation to utilize iShares ETFs in the management of the Dynamic Models, such models will predominantly and sometimes exclusively utilize iShares ETFs in their construction. This creates a material conflict of interest for WealthSource as the receipt of such services from BlackRock

reduces WealthSource's operating costs, which creates an incentive for WealthSource to recommend and utilize products sponsored or distributed by BlackRock in the management of all client accounts. Clients of WealthSource invested in the Dynamic Models may incur commissions or transaction fees when purchasing iShares ETFs. Clients should be aware that ETFs that are not sponsored or distributed by BlackRock that are comparable to iShares ETFs, with potentially lower internal expense ratios, may be available for investment without incurring any commissions or transaction fees. Please see the "[Item 10 – Other Financial Industry Activities and Affiliations](#)" section for additional information regarding BlackRock.

The development and maintenance of the Strategic Allocation Strategy ("**Strategic Model**"), part of the WSP Models, is materially supported by Russell Investments Group, LLC and/or its affiliates (collectively, "**Russell Investments**"), which provides WealthSource with investment research, models and marketing support at no cost. When providing mutual fund recommendations to WealthSource for the Strategic Model, Russell Investments only recommends mutual funds that they sponsor or offer. This creates a material conflict of interest for WealthSource as the receipt of such services from Russell Investments reduces WealthSource's operating costs, which creates an incentive for WealthSource to recommend and utilize products sponsored or distributed by Russell Investments in the management of all client accounts. Clients of WealthSource invested in the Strategic Model may incur commissions/loads, transaction fees or short-term redemption fees when purchasing or selling mutual funds sponsored or offered by Russell Investments. Clients should be aware that mutual funds with lower internal expense ratios and/or which are available without incurring any commissions/loads, transactions fees or short-term redemption fees that are otherwise comparable to those offered or sponsored by Russell Investments may be available for investment. It is, however, WealthSource's belief that the Strategic Model would not operate as intended if such substitutions were made. Please see the "[Item 10 – Other Financial Industry Activities and Affiliations](#)" section for additional information regarding Russell Investments.

The development and maintenance of the Multi-Dimension Allocation Strategy and the Multi-Dimension Allocation Plus Strategy (collectively, "**MDA Models**"), part of the WSP Models, are materially supported by Dimensional Fund Advisors LP and/or its affiliates (collectively, "**DFA**"), which provides WealthSource with investment research, models and marketing support at no cost. Research and recommendations provided by DFA to WealthSource, however, predominantly favor the use of mutual funds and/or ETFs that are sponsored, managed, or distributed by DFA (collectively, "**DFA Funds**"). WealthSource, however, is under no obligation to utilize DFA Funds in the management of the MDA Models. The receipt of such services from DFA, however, reduces WealthSource's operating costs, which creates an incentive for WealthSource to recommend and utilize DFA Funds in the management of all client accounts. Clients of WealthSource invested in the MDA Models may incur commissions, transaction fees or short-term redemption fees when purchasing or selling DFA Funds. Clients should be aware that mutual funds and/or ETFs with lower internal expense ratios and/or which are available without incurring any commissions/loads, transactions fees or short-term redemption fees that are otherwise comparable to the DFA Funds may be available for



investment. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding DFA.

The Large-Cap Core Equity Strategy, Large-Cap Equity Opportunities Strategy, SMID-Cap Equity Opportunities Strategy and the Select Opportunities Strategy are WSP Models created from investment research obtained from Skyview Investment Advisors, LLC (“**Skyview**”). Additionally, Skyview may sponsor and/or manage certain private investment funds that are recommended to clients on a non-discretionary basis as part of WealthSource’s Alternative Investment Strategy Platform. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding Skyview.

The Structured Note Replication, Exchange Fund Replication, Low Basis Transitions, Hedged Equity Portfolio, Managed Index Income and Opportunistic Yield Enhancement strategies are WSP Models that are made available to clients through WealthSource’s relationship with SpiderRock Advisors, LLC (“SpiderRock”), a Sub-Adviser. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding SpiderRock.

## **RISK OF LOSS**

All investing involves risk of loss, including the possible loss of all amounts invested. No methodology or investment strategy is guaranteed to be successful or profitable. Furthermore, different types of investments involve varying degrees of risk, and it should not be assumed that the future performance of any specific investment or investment strategy, including the investments and/or investment strategies recommended or undertaken by WealthSource, will be profitable or equal any specific performance level(s).

While WealthSource uses tools to try to reduce risk, the risk of loss always exists. In some cases, the amount of potential loss may exceed the amount of principal invested if leveraging tactics, such as margin or short selling, are used in the management of your account. Investing generally works best when we understand your risk tolerance and when you communicate any changes to your investment objectives, financial circumstances and/or tolerance for risk to us promptly.

A number of material risks associated with WealthSource’s investment strategies and the securities used to implement those strategies are set forth below. The following, however, is not meant to be a complete description of risks as WealthSource does not primarily recommend any particular type of security or investment strategy, but rather tailors its recommendations to the needs of its clients.

### **General Risks**

- Advisory / Management Risk: There is no guarantee that WealthSource’s judgment or investment decisions will necessarily produce the intended results. WealthSource’s

judgment may prove to be incorrect, which could result in clients not achieving their investment objectives.

- Alternative Investments Risk: Alternative investments as well as securities that invest primarily in alternative investments and/or strategies may not be suitable for all investors and involve special risks, such as risks associated with commodities, real estate, leverage, selling securities short, derivatives, structured products and potential illiquidity.
- Closed-End / Interval Funds: Closed-end funds may not give investors the right to redeem their shares and a secondary market may not exist. Therefore, clients may not be able to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so unless the fund has been structured as an interval fund. In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of their shares in any particular repurchase offer. Repurchase offer programs may also be suspended under certain circumstances.
- Concentration Risk: To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, county or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry, or such government could be considerably greater than if they did not concentrate their investments to such extent.
- Credit / Counterparty Risk: Certain securities, such as exchanged-traded notes (i.e., ETNs) and structured products (e.g., digital barrier notes, contingent coupon callable yield notes, auto-callable step-up notes) are exposed to the risk that adverse economic events (e.g., bankruptcy or insolvency) may prevent the issuer or counterparty of a security from meeting its financial obligations thus impairing or erasing the value of the security.
- Exchange-Traded Funds: ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread,” which generally varies based on the ETF’s trading volume and market liquidity. Although many ETFs are registered as investment companies under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- Focused Investment Risk: A strategy which invests in a focused portfolio of securities may be subject to increased risk because changes in the value of one of the securities may have a greater impact on the total value of the portfolio than if the portfolio is invested in a large number of issuers.
- Foreign Investment Risk: Investments in securities of foreign issuers may involve risks that include fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protections. These risks may be more pronounced for investments in developing countries.
- Frequent Trading Risk: A strategy involving the frequent trading of securities generally

results in significantly higher portfolio turnover rates and can negatively affect investment performance due to increased brokerage commissions, transactions fees and expenses and/or financing charges. In addition, frequent trading is likely to result in short-term capital gains tax treatment.

- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. This effect is typically more pronounced for intermediate and longer-term obligations.
- Liquidity Risk: Due to a lack of demand in the marketplace or other factors, it may not be possible to sell certain securities promptly or it may only be possible to sell certain securities at less than desired prices making it difficult to value the security or sell it in a timely manner at an acceptable price.
- Margin Risk: If the securities in a margin account decline in value, the value of the collateral supporting the margin loan also declines, which could result in a margin call that could (1) force you to sell securities or other assets in the account, (2) result in the broker-dealer selling your securities or other assets without contacting you, and/or (3) result in the broker-dealer moving securities from your other account(s) to your margin account and pledging the transferred securities. Additionally, since you are borrowing funds to purchase securities, you can incur losses greater than the amount of your investment.
- Market Risk: The price of any security, including bonds or mutual funds 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.
- Model Risk: All models utilized in the management of client accounts carry the risk that the model might be based on one or more incorrect assumptions.
- Options Risk: Certain types of options trading may be used to gain long exposure to a security for a specific period of time (i.e., purchasing call options), to offset/hedge a potential market risk in a client's portfolio (i.e., purchasing put options on a security held in the client's account) or to generate income (i.e., selling (writing) covered call options). When writing covered call options, there is the additional risk that you may no longer own the underlying security if it is called away.
- Private Investment Funds: Investments in private investment funds pose greater risks for clients than investments in publicly-traded securities because (1) of their lack of liquidity, as there is no secondary trading market available; (2) of their lack of transparency; (3) they may involve complex tax structures; (4) there may be delays in distributing important tax information; and (5) of the existence of other material risks described in their offering materials, which should be read carefully by clients before investing.
- Qualified Opportunity Zones: Investments in qualified opportunity zones are subject to additional risks beyond those inherent in investing generally. These risks include, but are not limited to: (1) the risk of investing in real estate, which include, among others, inability to collect rent, vacancies, inflation, increases to operating costs, adverse changes in laws and regulations, changing market demographics, (2) the risk that the investment in a qualified opportunity zone may not qualify under Section 1031 of the Internal

Revenue Code of 1986, as amended, for tax-deferred exchange treatment for reinvestment of proceeds into similar property, and (3) the risk that changes in laws or regulations may negatively impact the tax treatment of investments in qualified opportunity zones.

- **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.
- **Short Selling Risk**: When short selling, there is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, wherein the seller might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- **Structured Products**: Structured products are securities derived from another asset, such as a basket of securities or an index. Structured products frequently limit the upside participation in the reference asset, are senior unsecured debt of the issuing entity and are subject to the credit risk associated with the issuer. This credit risk exists regardless of whether the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer’s credit rating is downgraded, there may be little or no secondary market for the security, and information regarding independent market pricing for the security may be limited.
- **Sub-Advisers**: WealthSource may recommend Sub-Advisers to certain clients. The methods of analysis and material risks associated with investment strategies implemented by Sub-Advisers are typically the same as comparable investment strategies that are created and maintained by WealthSource, however, since WealthSource is not involved in the day-to-day management of such Sub-Advisers, investments managed by Sub-Advisers are subject to possible defaults or misconduct on the part of the Sub-Adviser. Additionally, assets managed by a Sub-Adviser may experience service disruptions in the event that the Sub-Adviser is unable to operate or continue business for a period of time due to a natural disaster or other business disruption event.

## **Item 9 – Disciplinary Information**

Neither WealthSource nor any of its management persons have been the subject of any legal or disciplinary events that are material to an evaluation of WealthSource’s advisory business or the integrity of its management.

## Item 10 – Other Financial Industry Activities and Affiliations

Registered Representatives: IARs, in their individual capacities separate from WealthSource, may be registered representatives of broker-dealers that are unaffiliated with and independent of WealthSource (“**Registered Representatives**”). Registered Representatives may recommend and/or sell certain investment products on a commission basis to clients. WealthSource does not charge any investment advisory fees on such investments, does not share in any commission revenue received by Registered Representatives and does not provide any investment advisory services with respect to such investments. The receipt of commission compensation by Registered Representatives, however, creates a conflict of interest as the recommendation to purchase an investment product may have initially resulted from financial planning services provided to the client and may be influenced by the commission compensation to be received, rather than solely on the needs and best interests of the client. WealthSource addresses this conflict of interest by disclosing the conflict in this Disclosure Brochure and reminding clients that they are under no obligation to use the brokerage services of Registered Representatives.

- Gordon, Eugene (CRD No. 4744448) – Fortune Financial Services, Inc. (CRD No. 42150)
- Propst, Joel (CRD No. 2029338) – Fortune Financial Services, Inc.

Insurance Agents and/or Agencies: IARs, in their individual capacities separate from WealthSource, may be licensed insurance agents (“**Insurance Agents**”) and may recommend and/or sell certain insurance products on a commission basis to clients. WealthSource does not charge any investment advisory fees on insurance products purchased on a commission basis, does not share in any commission revenue received by Insurance Agents, and does not provide any ongoing investment advisory services with respect to such insurance products. The receipt of commission compensation by Insurance Agents, however, creates a conflict of interest as the recommendation to purchase an insurance product may have initially resulted from financial planning services provided to the client and may be influenced by the commission compensation to be received, rather than solely on the needs and best interests of the client. Additionally, the services of Insurance Agents may be recommended by WealthSource and/or its other non-insurance licensed IARs. As a result of such referrals, Insurance Agents and/or their affiliated insurance agencies, which includes a WealthSource affiliate (WealthSource Insurance Solutions LLC), may receive increased compensation creating a conflict of interest. WealthSource addresses these conflicts of interest by disclosing them in this Disclosure Brochure and reminding clients that they are under no obligation to use the services of Insurance Agents or their affiliated Insurance Agencies.

- Insurance Agents
  - Bale, Stewart (CO License #646513)
  - Brown, Wesley (CA License #0C82597)
  - Buemi, Aaron (CO License #650793)

- Campbell, Alan (CA License #0775396)
  - Davis, Andrew (TN License #3002434579)
  - Dintaman, Andrew (CA License #4320207)
  - Gavlak, Robert (OH License #795947)
  - Gordon, Eugene (CA License #0E48642)
  - Hazama, Davee (CA License #0C02823)
  - Leedom, Zachary (CA License #4144501)
  - Marshall, Graham (TX License #883250)
  - Melander, Amy (CO License #766048)
  - Murray, Jeffrey (CO License #399311)
  - Power, Timothy (TX License #1580279 & 1916322)
  - Propst, Joel (CO License #30157)
  - Rostykus, Nicholas (OK License #40128889)
  - Sullivan, A. Bryan (CA License #0B55578)
  - Swanson, Kevin (CA License #0B59064)
  - Watson, Christopher (OH License #792830)
  - Whitlock, Amanda (OH License #1261361)
  - Wolk, Peter (FL License #E035807)
  - Zivich, Jason (CA License # 0G63428)
- Insurance Agencies
    - AMG Group, LLC (OH License #1417742)
    - Opis Insurance Services, Inc. (CA License #0B60885)
    - Strategic Planning LLC (CO License #441939)
    - WealthSource Insurance Solutions LLC (NV License #3764801)

Certified Public Accountants and Public Accounting Firms: IARs, in their individual capacities separate from WealthSource, may be a certified public accountant or an accountant or tax preparer working for a public accounting firm. Clients assigned to such IARs may receive tax preparation and planning, bookkeeping and/or accounting services (collectively, “**Tax/Accounting Services**”) from such IARs and/or the public accounting firms that they are associated with (collectively, “**CPAs**”), which are separate from WealthSource’s investment advisory and financial planning services. WealthSource does not share in any fees charged by CPAs for Tax/Accounting Services. Tax/Accounting Services clients of a CPA may be solicited to become clients of WealthSource by the IAR and WealthSource clients of the IAR may be solicited to become Tax/Accounting Services clients of the CPA. Consequently, a conflict of interest arises in both situations as it may result in increased compensation to the IAR. WealthSource addresses this conflict of interest by disclosing it and reminding prospective clients that they are not under any obligation to engage the investment advisory services of WealthSource or the Tax/Accounting Services of CPAs and that comparable services may be available from other investment advisers and accountants, respectively.



- Certified Public Accountants
  - Baysinger, David (CO License #CPA.0024078)
  - Elsensohn, Kelly (CO License #CPA.0016850)
  - Isaacson, Lisa (CO License #23532)
  - Rohr, Daniel (CA License #116268)
- Public Accounting Firms
  - Elsensohn & Associates, P.C. (CO License #FRM.0012720)
  - Rohr & Associates, Inc. (CA License #6966)

DPL Financial Partners, LLC (“**DPL**”, KY License #954464, CA License #0M42434, NAIC NPN 18412895): WealthSource has entered into a Membership Agreement with DPL, which operates a turnkey insurance management platform. As a result of WealthSource’s membership, clients have access to a variety of insurance products (e.g., life insurance, variable annuities, fixed index annuities, single premium immediate annuities, buffer annuities, fixed annuities) that are generally commission-free. Consequently, the insurance products available from DPL will oftentimes differ from those available from IARs in their separate individual capacity apart from WealthSource as licensed insurance agents or from other third-party insurance agents. As part of its service offering, DPL receives compensation from WealthSource in the form of an annual membership fee and compensation from the carriers underwriting the insurance products sold by DPL to clients in the form of an administrative fee. WealthSource does not share in any compensation received by DPL but assesses an Insurance Planning Fee based on the cash value of the insurance products sold by DPL to clients. Clients are under no obligation to utilize DPL’s services and may seek insurance products, services and/or advice from any licensed agent.

BlackRock Fund Advisors (“**BlackRock**”, CRD No. 105247): BlackRock has granted WealthSource with access to its Aladdin® Platform, a portfolio management and risk analytics operating system, as well as marketing support at no cost to WealthSource. Investment models generated by the Aladdin® Platform are used by WealthSource in the development and maintenance of the Dynamic Models. The investment models generated by the Aladdin® Platform predominantly and sometimes exclusively utilize iShares ETFs, which are sponsored, distributed and/or advised by BlackRock. WealthSource’s receipt of investment research, models and/or technology from BlackRock creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource’s operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock does not provide and is not responsible for providing investment advice to clients of WealthSource, does not participate in or make any investment decisions on behalf of WealthSource or clients of WealthSource, does not endorse any investment decision or recommendation made by WealthSource or its IARs, and has no obligation to continue to provide WealthSource with its investment models and/or access to the Aladdin® Platform. Please see “[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)” for additional information relating to the

conflicts of interest associated with WealthSource's use of BlackRock's investment research, models and technology.

In addition to investment research, models and/or technology, BlackRock provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock also sponsored WealthSource's 2018, 2019 and 2021 Advisor Summits, which reduced the cost to WealthSource of hosting them and thus created a conflict of interest for WealthSource because it created an incentive for WealthSource to recommend and use iShares ETFs and/or other BlackRock products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with BlackRock.

Russell Investments Group, LLC ("**Russell Investments**"): Russell Investments, which includes Russell Investments Financial Services, LLC (CRD No. 21771) and Russell Investments Management, LLC (CRD No. 105734), provides WealthSource with investment research, models and marketing support at no cost. Investment models provided by Russell Investments are used by WealthSource in the development and maintenance of the Strategic Models. Mutual fund recommendations provided to WealthSource by Russell Investments, however, are exclusively limited to mutual funds that are sponsored or offered by Russell Investments. WealthSource's receipt of investment research, models and/or marketing support from Russell Investments creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource's operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use Russell Investments' products in the investment management of client accounts. Please see "[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)" for additional information relating to the conflicts of interest associated with WealthSource's use of Russell Investments' investment research, models and marketing support.

In addition to investment research, models and/or marketing support, Russell Investments provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of Russell Investments' products in the investment management of client accounts. Russell Investments also sponsored WealthSource's 2019 Advisor Summit, which reduced WealthSource's cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it



created another incentive for WealthSource to recommend and use Russell Investments' products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with Russell Investments.

Dimensional Fund Advisors LP (“DFA”, CRD No. 106482): DFA provides WealthSource with investment research, models and marketing support at no cost. Investment models provided by DFA are used by WealthSource in the development and maintenance of the MDA Models. Mutual fund and/or ETF recommendations provided to WealthSource by DFA, however, predominantly favor the use of DFA Funds. WealthSource's receipt of investment research, models and/or marketing support from DFA creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource's operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use DFA Funds in the investment management of client accounts. Please see “[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)” for additional information relating to the conflicts of interest associated with WealthSource's use of DFA's investment research, models and marketing support.

In addition to investment research, models and/or marketing support, DFA provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of DFA Funds in the investment management of client accounts. DFA also sponsored WealthSource's 2021 Advisor Summit, which reduced WealthSource's cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it created another incentive for WealthSource to recommend and use DFA's products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of DFA Funds.

Skyview Investment Advisors, LLC (“Skyview”, CRD No. 286353): WealthSource has entered into a Model Portfolio and Investment Subadvisory Services Agreement with Skyview pursuant to which Skyview has agreed to provide WealthSource with (1) investment models and ongoing investment, allocation and/or rebalancing recommendations relating to such models and (2) investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Skyview also sponsored WealthSource's 2021 Advisor Summit, which reduced WealthSource's cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it created an incentive for WealthSource to recommend Skyview's investment models, sub-advisory services, and/or private investment funds in the investment management of client accounts.

SpiderRock Advisors, LLC ("**SpiderRock**", CRD No. 171992): WealthSource has a Subadvisory Agreement with SpiderRock, a Sub-Adviser, pursuant to which SpiderRock has agreed to (1) provide WealthSource with various investment strategies that primarily utilize options and/or derivative securities and (2) implement such strategies on a discretionary basis in separately managed accounts belonging to clients of WealthSource who have been recommended one or more of such investment strategies. BlackRock, Inc., an affiliate of BlackRock, is a minority owner of SpiderRock. Please see "[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)" and "[Item 10 – Other Financial Industry Activities and Affiliations](#)" for information relating to WealthSource's relationship with BlackRock, which creates an incentive for WealthSource to recommend SpiderRock's investment strategies to clients.

Connectus Wealth, LLC ("**Connectus**", CRD No. 310912): WealthSource has an Investment Sub-Advisory Agreement with Connectus, a Sub-Adviser, pursuant to which Connectus provides discretionary investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Belle Haven Investments, L.P. ("**Belle Haven**", CRD No. 29278): WealthSource has a Subadvisory Agreement with Belle Haven, a Sub-Adviser, pursuant to which Belle Haven provides discretionary investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Totus Tuus Consulting, Inc. ("**Totus Tuus**", FL Ins. License No. R034166): WealthSource has entered into a promoter arrangement with Totus Tuus Consulting, Inc., a licensed insurance agency in the state of Florida, which is owned and operated by Francis Joseph Benischeck (FL Ins. License No. A018942), a licensed insurance agent in the State of Florida, pursuant to which Totus Tuus is compensated by WealthSource for referrals of prospective investment advisory clients. In light of this compensation arrangement, clients should be aware that Totus Tuus and Mr. Benischeck have a conflict of interest when recommending the investment advisory services of WealthSource. Please see "[Item 14 – Client Referrals and Other Compensation](#)" for additional information regarding this promoter arrangement.

2021 WealthSource Advisor Summit Sponsors: In October of 2021, WealthSource held its most recent Advisor Summit. Various financial industry participants sponsored the Advisor Summit by paying summit expenses on behalf of WealthSource. In turn, all sponsors were given the opportunity to advertise at the Advisor Summit, meet with IARs face to face or in groups and present for a segment of the Advisor Summit. The majority of sponsors were investment advisers

to or underwriters/distributors of mutual funds and/or exchange-traded funds, which may be recommended to clients and/or utilized in the investment management of client accounts. In addition to those investment products, many of the Advisor Summit Sponsors and/or their affiliates offer other proprietary investment products and/or services, which may also be recommended to clients and/or utilized in the investment management of client accounts. Consequently, WealthSource's receipt of sponsorships creates a conflict of interest for WealthSource because it creates an incentive for WealthSource to recommend to clients (1) the proprietary investment products and/or services of the Advisor Summit Sponsors or their affiliates and (2) any non-proprietary investment products that Advisor Summit Sponsors or their affiliates serve as the investment adviser, underwriter or distributor to. WealthSource addresses these conflicts of interest by providing disclosure of these sponsorships and the associated conflicts of interest to clients in this Disclosure Brochure and reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products and/or services associated with sponsors or their affiliates. The 2021 Advisor Summit Sponsors were:

- BlackRock Investments, LLC (CRD No. 38642) – 2018 and 2019 sponsor
- Skyview Investment Advisors, LLC (CRD No. 286353)
- Dimensional Fund Advisors LP (CRD No. 106482)
- Charles Schwab & Co., Inc. (CRD No. 5393)
- Orion Advisor Services, LLC – 2018 sponsor

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

WealthSource maintains a Code of Ethics that includes (1) standards of business conduct that all of our supervised persons are expected to adhere to; (2) a prohibition on insider trading; (3) provisions relating to the receipt and giving of gifts, and (4) policies and procedures requiring the periodic reporting of personal securities transactions and holdings. *As our client or prospective client, you are entitled to a copy of our Code of Ethics upon request. You may request a copy by contacting us at (805) 546-1000.*

WealthSource and/or its supervised persons may buy or sell securities that are also held by or recommended to clients and may occasionally trade in securities in a personal account, at or about the same time that WealthSource trades in the same security, or a related security, for a client account. When either of these situations occur, conflicts of interest exist because WealthSource and/or its IAR(s) (1) may have an incentive not to recommend the sale of those securities to clients in order to protect the value of a personal investment (2) may have an incentive to recommend the purchase of those securities to clients in order to immediately sell it at a profit in a personal account upon the rise in market price (i.e., scalping) and (3) may have an incentive to place personal investment orders before those of clients in order to obtain a better price and/or otherwise materially

benefit from the purchase or sale of those securities (i.e., front run). When engaging in personal trading, we believe that our clients' interests should come first, and our supervised persons are reminded of WealthSource's fiduciary duty and their obligation to comply with WealthSource's standards of business conduct. Additionally, WealthSource monitors the personal securities transactions and holdings of its access persons for any activity that may indicate a violation of WealthSource's Code of Ethics.

## **Item 12 – Brokerage Practices**

### **RECOMMENDING BROKER-DEALERS**

WealthSource generally recommends that investment advisory accounts be maintained at the following qualified broker-dealer custodians: Charles Schwab & Co., Inc. (“**Schwab**”) and Raymond James & Associates, Inc. (member New York Stock Exchange/SIPC), collectively with Schwab, “**Primary Custodians**”). All of the Primary Custodians are independent of and unaffiliated with WealthSource. For clients who choose the custodial services of a Primary Custodian for their accounts, all transactions will typically be executed by the Primary Custodian selected by the client, however, WealthSource may use other broker-dealers to execute trades for client accounts, a practice sometimes referred to as trading away or prime brokerage depending on the custodial arrangement the client has selected.

Clients should be aware that when WealthSource places trades for clients with broker-dealers other than the client's custodian, the client will typically incur prime brokerage or trade away fees imposed by the custodian that are in addition to any brokerage commissions, transaction fees and/or markups/markdowns charged by the executing broker-dealer. Depending on the size of the order being placed for the client and the share price of the security in question, the amount of the prime brokerage or trade-away fee that may be applied by the custodian may exceed any potential execution benefits the client may obtain from using a broker-dealer other than the custodian to execute the client's transaction.

Consequently, in recommending the custodial services of the Primary Custodians to clients, WealthSource considers certain factors relating to the custodian's ability to provide best execution, including:

- The broker-dealer's ability to execute, clear and settle trades (buy and sell securities for your accounts) and their responsiveness to WealthSource during the order placement and clearance and settlement process.
- The efficiency with which the broker-dealer executes transactions (e.g., speed of execution, access to markets and/or counterparties, price improvement).
- The broker-dealer's commission rates and transaction fees and willingness to negotiate them.
- The broker-dealer's ability to handle time-sensitive orders.

- The broker-dealer's ability to follow and implement any trade instructions provided by WealthSource.
- The reputation of the broker-dealer.
- The value of any research provided by the broker-dealer.

In addition, WealthSource considers the size, quality and depth of each custodian's mutual fund supermarkets and whether the custodian charges a separate fee for custody. While WealthSource may recommend that clients use a Primary Custodian as their custodian and thus also as their primary broker-dealer, the client is solely responsible for deciding which custodian(s) to use. WealthSource does not open custodial accounts for clients but may assist clients in the account opening process.

For clients who utilize the custodial services of a Primary Custodian pursuant to WealthSource's recommendation, WealthSource negotiates non-equity and non-ETF commission rates and transaction fees with those broker-dealers. Clients, however, should be aware that those commission rates and transaction fees may be higher than those charged by other qualified broker-dealers to affect the same transaction. In negotiating rates and fees, WealthSource seeks pricing that is competitive in relation to the value of the brokerage and research services received from the broker-dealer and, consequently, WealthSource may not necessarily obtain the lowest possible pricing. Brokerage commissions, transaction fees, trade-away and/or prime brokerage fees are exclusive of, and in addition to, WealthSource's investment advisory fee.

## **RESEARCH AND ADDITIONAL BENEFITS**

### **Support Services and/or Products**

WealthSource does not have any formal soft dollar arrangements. The Primary Custodians, however, make available to us, without cost and/or at a discount, support services and/or products, some of which assist WealthSource in better monitoring and servicing client accounts, but some of which benefit WealthSource without directly benefiting clients or their account(s). Included within the support services that may be obtained by WealthSource are investment-related research, both proprietary and that of third parties; pricing information and market data; trade execution analysis data; software and other technology (e.g., MoneyGuidePro), at a discount or for free, that provide access to client account data and/or assist in creating client reports; compliance and/or practice management-related publications; discounted or free consulting services; discounted or free attendance to conferences, meetings, and other educational and/or social events, which may include full coverage of travel expenses to such events; marketing support; computer hardware and/or software and/or other products used by WealthSource in furtherance of its investment advisory business. Clients should be aware that WealthSource uses support services and/or products to service and/or otherwise benefit all or a substantial number of WealthSource's clients, including clients whose accounts are held in custody at a broker-dealer other than the one providing the product or service.

WealthSource's clients do not pay more as a result of WealthSource's receipt of these support services and/or products, which benefit WealthSource because we do not have to produce or purchase them. However, in receiving such benefits, WealthSource is generally expected to maintain or commit to maintaining a certain amount of its assets under management in accounts that are in the custody of the broker-dealer custodian providing the product(s) and/or service(s) or increase the amount of its assets under management in accounts that are in the custody of such broker-dealer custodian in order to ensure that the broker-dealer custodian achieves a certain level of profitability from WealthSource and/or its clients. Consequently, clients should be aware that the receipt of support services and/or products by WealthSource and/or our related persons creates a conflict of interest for WealthSource as it creates an incentive for WealthSource to recommend the custodial and brokerage services of the Primary Custodians over other broker-dealers. WealthSource may have an additional conflict of interest when recommending one Primary Custodian over another Primary Custodian, depending on the aggregate value and/or benefit to WealthSource of the support services and/or products received from one Primary Custodian in relation to the other Primary Custodians. The receipt of these benefits, however, are not a material consideration for WealthSource when determining whether to recommend that a client utilize the services of a particular custodian.

#### **Transfer of Account Exit Fees Reimbursement**

In certain circumstances, Primary Custodians provide transition assistance to clients of WealthSource to reimburse them for Transfer of Account Exit Fees that were imposed by the client's prior custodian(s) when initiating a transfer of their custodial account(s). Although WealthSource does not directly benefit from such reimbursements, it creates an incentive for WealthSource to recommend the custodial and/or brokerage services of the Primary Custodians over other custodians and/or broker-dealers who do not offer such transition assistance to WealthSource's clients.

#### **Advisor Summit Sponsorships**

Schwab was a sponsor of WealthSource's 2021 Advisor Summit, which creates a material conflict of interest for WealthSource because it reduced WealthSource's out-of-pocket costs to host its Advisor Summit and thus created an incentive for WealthSource to recommend the custodial and/or brokerage services of Schwab over those of other custodians and/or broker-dealers. Please see "[Item 10 – Other Financial Industry Activities and Affiliations](#)" for additional information.

#### **DIRECTED BROKERAGE**

WealthSource does not generally accept directed brokerage arrangements (i.e., when a client mandates that their account transactions be affected through a specific broker-dealer ("**Directed Broker**")), except through the WealthLink platform. If WealthSource agrees to a client's directed brokerage arrangement, the client is responsible for negotiating all terms and conditions for their accounts, including commissions and transaction fees, with the Directed Broker. Clients



should be aware that if WealthSource agrees to the client's directed brokerage arrangement, WealthSource will not seek best execution for the client and, consequently, the client may be unable to obtain the most favorable execution for their transactions. Furthermore, if WealthSource has previously negotiated commission rates and/or transaction fees with the Directed Broker, such negotiated rates and fees will not be applicable to client and client will not be able to benefit from WealthSource's ability to obtain volume discounts. Consequently, clients may pay materially higher commissions and/or transaction fees than WealthSource's other clients. Additionally, WealthSource will not aggregate the client's trade orders with those of WealthSource's other clients placed with the Directed Broker, if any, and, consequently, clients may not receive execution prices that are as favorable as those obtained for WealthSource's other clients.

### **AGGREGATION OF ORDERS**

Transactions for each client account are generally affected independently, unless WealthSource decides to purchase or sell the same securities for multiple clients at approximately the same time on the same day or when it appears that aggregating client orders for the same security would result in lower transaction costs for the affected clients. The goal of aggregating client orders (i.e., placing block trades) is to seek an average purchase or sale price for all affected clients to help ensure that one client is not getting more favorable treatment over another client and/or to negotiate more favorable commission rates or transactions fees. There is no guarantee that aggregation will be successful or that the goals of aggregation will be achieved.

Before placing a block trade, WealthSource identifies the participating client accounts and the allocation to be made to each account or, if applicable, enters such information into WealthSource's trade order management system. When a block trade is placed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block trade were executed. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner that is approved in writing by WealthSource's Chief Compliance Officer.

Clients should be aware that WealthSource is not obligated to aggregate client orders even if one or more of the goals noted above might be achievable. If WealthSource elects not to place a block trade, clients will not receive average pricing and will also pay commission rates and/or transaction fees with respect to their transaction in accordance with the standard commission rates and/or transaction fees negotiated between WealthSource and the broker-dealer. Furthermore, block trades are placed only when WealthSource reasonably believes that aggregating client orders will be consistent with its duty to seek best execution for its clients. No client participating in a block trade will be favored over any other client that also participates in the same block trade. Clients, however, should be aware that the average price received in a block trade could be more or less advantageous than the price a particular client would have received if they did not participate in the block trade.

## Item 13 – Review of Accounts

For those clients to whom WealthSource provides investment advisory services, account reviews are conducted by the client's IAR, generally quarterly, but no less frequently than annually. Account reviews are performed to assess the client's progress toward their investment objectives and to determine whether any changes with respect to the investment management of the client's account are warranted in light of the client's investment objectives, financial circumstances and/or risk tolerance. Clients, however, are advised that it is your responsibility to promptly notify WealthSource if there are ever any changes to your investment objectives, financial circumstances and/or tolerance for risk.

Account reviews may also be conducted by the client's IAR on an ad hoc basis upon the occurrence of a triggering event, such as a change in a client's financial situation (e.g., retirement, termination of employment, physical move, inheritance) or investment objectives; the occurrence of material market, economic or political events; or at the client's request.

Clients may be provided with written quarterly performance reports that contain holdings information, beginning and ending market values, asset allocation information by sector and asset class, and performance return information. Written quarterly performance reports are provided for client convenience only and should not be relied on for tax purposes. Clients should rely on their custodial account statements as the official record of their account(s).

## Item 14 – Client Referrals and Other Compensation

### **Soft Dollar and Other Benefits**

As noted above, WealthSource receives certain economic benefits from the Primary Custodians, without cost or at a discount, which may or may not benefit clients. The receipt of these benefits creates a conflict of interest for WealthSource because we do not have to produce or pay for these products or services and our receipt of these products and services creates an incentive for us to recommend the custodial and/or brokerage services of the Primary Custodians over other broker-dealers. Please see the "[Item 10 – Other Financial Industry Activities and Affiliations](#)" and "[Item 12 – Brokerage Practices](#)" sections for additional information regarding these arrangements and their associated conflicts of interest and how WealthSource addresses them.

### **Promoter Fees Paid by WealthSource**

WealthSource utilizes the services of Totus Tuus Consulting, Inc., a licensed insurance agency with the state of Florida (FL Ins. License No. R034166), to promote WealthSource and/or its services. In return for promoting WealthSource and/or its services, Totus Tuus receives a percentage of the investment advisory fees received by WealthSource from Totus Tuus referred



clients. Clients should be aware that the receipt of compensation by Totus Tuus in exchange for the referral of clients to WealthSource creates a material conflict of interest for Totus Tuus. Clients who are recommended WealthSource and/or its services by Totus Tuus should carefully evaluate the oral and/or written disclosures provided by Totus Tuus and/or its agents at the time of referral as they contain important information about Totus Tuus and its conflicts of interest when recommending WealthSource and/or its services that should be carefully considered.

### Item 15 – Custody

Although WealthSource does not maintain physical custody of the assets of its clients, clients generally grant WealthSource the authority to deduct its investment advisory fees directly from their custodial accounts and may also grant to WealthSource, pursuant to a standing letter of instruction to their custodian, the limited power to instruct their custodian to disburse funds to one or more third parties as specifically designated by the client thereby giving WealthSource custody of clients' assets. All clients, however, should receive account statements directly from the custodian of their account(s), at least quarterly, and should carefully review the information contained within their custodial account statements. Please note, account custodians do not verify the accuracy of WealthSource's investment advisory fee calculations.

WealthSource may also provide clients with quarterly performance reports, which summarize account activity and performance. Clients are urged to compare the information contained in their custodial account statements with the information contained in the quarterly performance reports provided by WealthSource, if any, and to contact WealthSource promptly if you identify any discrepancies.

### Item 16 – Investment Discretion

Clients may engage WealthSource to provide investment advisory services on a discretionary basis. Prior to assuming discretionary authority over a client's account, WealthSource requires the client to execute an IMA, which grants WealthSource full discretionary authority to buy, sell, or otherwise effect investment transactions, in the client's name, involving assets held within certain accounts. Clients who engage WealthSource on a discretionary basis may, at any time, impose limitations, in writing, on WealthSource's discretionary authority (e.g., limit or exclude the purchase of certain securities in their account and/or limit or prohibit the use of margin, options, and/or short selling in their account).

### Item 17 – Voting Client Securities

WealthSource does not vote client proxies or accept authority to vote client securities. Instead, clients will receive proxies and/or other solicitations directly from their account custodian or a transfer agent and maintain exclusive responsibility for directing the manner in which proxies

solicited by issuers of securities owned by the client shall be voted. Clients may contact WealthSource to discuss questions they may have with respect to a particular proxy, however, WealthSource is under no responsibility to give any advice on how to vote such proxy.

### **Item 18 – Financial Information**

WealthSource is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

## **Appendix A – WSP Model Descriptions**

### **DISCRETIONARY INVESTMENT STRATEGIES**

#### **Dynamic Allocation**

The Dynamic Allocation models are created by allocating assets (100%/0%, 90%/10%, 80%/20%, 70%/30%, 60%/40%, 50%/50%, 40%/60%, 30%/70%, 20%/80%, 10%/90%, 0%/100%) to an equity portfolio that seeks approximately 68% exposure to domestic equities and 32% exposure to foreign equities and to a fixed income portfolio targeting 100% exposure to U.S. dollar-denominated, taxable bonds of both domestic and foreign issuers, respectively. The equity and fixed income portfolios are each composed of two components, a strategic investment core and a tactical investment overlay, both of which invest in ETFs, primarily those sponsored by BlackRock Fund Advisors and/or its affiliates.

The goal of the strategic investment core is to invest in sub-asset classes that are expected to generate the highest levels of expected returns within the asset class while maintaining the targeted exposures of the portfolio and a volatility risk similar to the corresponding asset benchmark. Examples of equity sub-asset classes include, but are not limited to, large cap, small cap, REITs, growth and value. Examples of fixed income sub-asset classes include, but are not limited to, commercial mortgage-backed securities, loans, U.S. Treasuries, short duration and high yield.

The goal of the tactical investment overlay is to enhance the returns of the strategic investment core by either overweighting existing strategic investment core positions or, for the equity portfolio only, by adding positions that meet certain style factors (e.g., value, momentum, quality, size, minimum volatility). Tactical investment overlay decisions are based on short- and medium-term views regarding the current direction of the equity and/or fixed income markets and are constrained by a fixed, maximum aggregate amount of additional risk that the tactical investment overlay is permitted to add to the Dynamic Allocation models.

There are no limitations with respect to the types or number of sub-asset classes that may be invested in by the Dynamic Allocation models. The equity benchmark is a blend of the MSCI All Country World Index, 70.0%, and the MSCI USA Index, 30.0%. The fixed income benchmark is the Bloomberg Barclays U.S. Universal Bond Index.

#### **Dynamic Allocation CA Tax-Aware**

The Dynamic Allocation CA Tax-Aware models are created by allocating assets (0%/100%, 20%/80%, 40%/60%, 50%/50%, 60%/40%, 80%/20%) to an equity portfolio that seeks approximately 68% exposure to domestic equities and 32% exposure to foreign equities and to a fixed income portfolio focused on investments in California tax-advantaged municipal fixed

income securities. The equity and fixed income portfolios are each composed of two components, a strategic investment core and a tactical overlay, both of which invest in either ETFs or mutual funds, primarily funds sponsored by BlackRock Fund Advisors and/or its affiliates.

The goal of the strategic investment core is to invest in sub-asset classes that are expected to generate the highest levels of expected returns within the asset class while maintaining the targeted exposures of the portfolio and a volatility risk similar to the corresponding asset benchmark within a tax-aware framework.

The goal of the tactical investment overlay is to enhance the returns of the strategic investment core by overweighting and underweighting strategic investment core positions. Tactical investment overlay decisions are based on short- and medium-term views regarding the current direction of the equity and fixed income markets and are constrained by a fixed, maximum aggregate amount of additional risk that the tactical investment overlay is permitted to add to the Dynamic Allocation CA Tax-Aware models.

There are no limitations with respect to the types or number of sub-asset classes that may be invested in by the Dynamic Allocation CA Tax-Aware models. The equity benchmark is a blend of the MSCI All Country World Index, 70.0%, and MSCI USA Index, 30.0%. The fixed income benchmark is the S&P California AMT-Free Municipal Bond Index.

**\$50,000.00 required minimum allocation to Dynamic Allocation CA Tax-Aware on a per account basis.**

### **Dynamic Allocation National Tax-Aware**

The Dynamic Allocation National Tax-Aware models are created by allocating assets (0%/100%, 20%/80%, 40%/60%, 50%/50%, 60%/40%, 80%/20%) to an equity portfolio that seeks approximately 68% exposure to domestic equities and 32% exposure to foreign equities and to a fixed income portfolio focused on investments in tax-advantaged municipal fixed income securities. The equity and fixed income portfolios are each composed of two components, a strategic investment core and a tactical overlay, both of which invest in either ETFs or mutual funds, primarily funds sponsored by BlackRock Fund Advisors and/or its affiliates.

The goal of the strategic investment core is to invest in sub-asset classes that are expected to generate the highest levels of expected returns within the asset class while maintaining the targeted exposures of the portfolio and a volatility risk similar to the corresponding asset benchmark within a tax-aware framework.

The goal of the tactical investment overlay is to enhance the returns of the strategic investment core by overweighting and underweighting strategic investment core positions. Tactical

investment overlay decisions are based on short- and medium-term views regarding the current direction of the equity and fixed income markets and are constrained by a fixed, maximum aggregate amount of additional risk that the tactical investment overlay is permitted to add to the Dynamic Allocation National Tax-Aware models.

There are no limitations with respect to the types or number of sub-asset classes that may be invested in by the Dynamic Allocation National Tax-Aware models. The equity benchmark is a blend of the MSCI All Country World Index, 70.0%, and MSCI USA Index, 30.0%. The fixed income benchmark is the S&P National AMT-Free Municipal Bond Index.

**\$50,000.00 required minimum allocation to Dynamic Allocation National Tax-Aware on a per account basis.**

### **ESG Innovation**

The ESG Innovation models are created by allocating (40%/60%, 60%/40%, 80%/20%, 100%/0%) to an equity portfolio that seeks approximately 68% exposure to domestic equities and 32% exposure to foreign equities and to a fixed income portfolio targeting 100% exposure to U.S. dollar denominated, taxable bonds of both domestic and foreign issuers, respectively. The equity and fixed income portfolios are each composed of two components, a strategic investment core and a tactical overlay.

The goal of the strategic investment core is to invest in sub-asset classes that are expected to generate the highest levels of expected returns within the asset class while maintaining the targeted exposures of the portfolio and a volatility risk similar to the corresponding asset benchmark. In selecting investments, the ESG Innovation models target ETFs, primarily those sponsored by BlackRock Fund Advisors and/or its affiliates, that actively screen issuers for various environmental, social and corporate governance (ESG) criteria and which favor investment in the securities of issuers that demonstrate attractive ESG characteristics.

The goal of the tactical investment overlay is to enhance the returns of the strategic investment core by overweighting and underweighting strategic investment core positions. Tactical investment overlay decisions are based on short- and medium-term views regarding the current direction of the equity and/or fixed income markets and are constrained by a fixed, maximum aggregate amount of additional risk that the tactical investment overlay is permitted to add to the ESG Innovation models. There are no limitations with respect to the types or number of sub-asset classes that may be invested in by the ESG Innovation models. The benchmarks for the ESG Innovation models are a blend of the MSCI All Country World Index (70.0%, equity), MSCI USA Index (30.0% equity) and the Bloomberg Barclays U.S. Universal Total Return Index (fixed income).

### **Multi-Asset Income**

The Multi-Asset Income models are designed with the goal of producing attractive returns by investing for both income and capital appreciation. There are three Multi-Asset Income models (Conservative, Moderate, and Growth), each with their own risk benchmark that determines the maximum amount of volatility that the model can accept at any given time. The risk benchmarks are based on the volatility of a traditional portfolio with a stock/bond allocation of 30/70, 50/50 and 70/30, respectively. The models generally hold between 10 to 15 holdings primarily in ETFs but may also hold mutual funds when access to a particular asset class may be unavailable through an ETF or is relatively unattractive when obtained through an ETF. Funds selected for investment will favor those sponsored by BlackRock Fund Advisors and/or its affiliates. There are no limitations in the types of ETFs and mutual funds that the models can invest in so long as the model's volatility does not exceed that of its risk benchmark. This allows the models to invest in those asset classes that reflect our highest conviction views in order to pursue a higher overall yield relative to the model's risk benchmark while maintaining a diversified portfolio and a disciplined approach to risk. The models are tactically adjusted on a quarterly basis in order to take advantage of evolving opportunities and may act on an ad-hoc basis if market conditions warrant. The benchmarks are a blend of the MSCI World Index and the Bloomberg Barclays U.S. Aggregate Bond Index.

### **Strategic Allocation**

There are seven Strategic Allocation models, with the following target asset class exposures, adjusted annually, to equity, alternative and fixed incomes investments: 1.) Conservative (15%, 2%, 83%), 2.) Moderate (32%, 5%, 63%), 3.) Moderate Growth (42%, 5%, 53%), 4.) Balanced (51%, 5%, 44%), 5.) Balanced Growth (59%, 7%, 34%), 6.) Growth (68%, 8%, 24%) and 7.) Equity Growth (86%, 9%, 5%). The goal of the Strategic Allocation models is to achieve returns that are higher than each model's corresponding benchmark using a long-term, strategic asset-allocation framework that is rebalanced quarterly or as deemed appropriate by the portfolio manager.

Construction of the Strategic Allocation models, which are comprised of a mix of ETFs and mutual funds, is a two-step process. First, using a long-term investment outlook, each model's targeted allocations to equity, alternative and fixed income investments, as well as underlying allocations to sub-asset class investments (e.g., U.S. large cap, developed international, global real estate) are adjusted in order to match the model's risk level with that of its corresponding benchmark and to maximize expected return. In the second step, the model's investment allocations are adjusted in order to take into consideration medium-term (5-year) market forecasts based on current data regarding interest rates, credit spreads, equity valuations and earnings growth projections. The Strategic Allocation models are comprised exclusively of mutual funds offered or sponsored by Russell Investments. The benchmarks are a blend of the Russell 3000 Index, MSCI World ex USA Index, FTSE EPRA Nareit Developed Index, Bloomberg Barclays U.S. Aggregate Bond Index and ICE BofAML Global High Yield (Hedged) Index.



## **Multi-Dimension Allocation**

The investment philosophy of the Multi-Dimension Allocation is grounded in research that suggests that there are several investment factors that persistently offer high expected returns relative to the markets generally. Leveraging the insights from this research, the models are built to provide investors with globally diversified, risk-balanced portfolios using broad-asset-class funds (i.e., mutual funds and/or exchange-traded funds) that are designed to tilt their investments, where possible and appropriate, toward securities with high expected-return factors. The expected tracking error of each model to its benchmark is approximately two percent (2%).

Within equities these factors include but are not limited to: size (i.e., the return difference between small capitalization stocks and large capitalization stocks), value (i.e., the return difference between low relative price and high relative price stocks), and profitability (i.e., the return difference between stocks of companies with high profitability over those with low profitability). As an example, relative to their benchmark, the funds that the models invest in will generally prefer to make investments in stocks that have lower market capitalizations, lower relative prices, and higher profitability.

Within fixed-income these preferred factors include but are not limited to: credit-spread (i.e., the expected incremental return on investment for holding obligations considered to have greater credit risk than direct obligations of the U.S. Treasury), and term-spread (i.e., the expected relative return on investment for holding securities having longer-term maturities as compared to shorter-term maturities). As an example, relative to their benchmark, the funds that the models invest in will generally prefer to make investments in lower-rated securities and securities with longer durations.

At the broad-asset-class level, the equity allocation of the models is constructed to provide exposure to the global publicly-traded equities market (i.e., US, developed markets ex US, and emerging markets) in roughly the same percentages as their respective aggregate market capitalizations relative to the global publicly-traded equities market, but with an explicit home-bias resulting in about a 10% overweight to US equities and a 10% aggregate underweight to developed markets ex US and emerging markets scaled in proportion to their respective aggregate market capitalizations. The fixed income allocation is constructed to provide exposure to the global publicly traded US dollar-denominated bond market.

There are 11 different Multi-Dimension Allocation models that allocate to the broad asset classes of equities and fixed-income in 10% increments as follows: 100%/0%, 90%/10%, 80%/20%, 70%/30%, 60%/40%, 50%/50%, 40%/60%, 30%/70%, 20%/80%, 10%/90%, 0%/100%. The models' asset-allocations are strategic and are reconstituted annually with a quarterly rebalance back to target weights. The equity benchmark is a blend of the MSCI All Country World Index, 80.0%, and the Russell 3000 Index, 20.0%. The fixed income benchmark is the Bloomberg Barclays U.S. Universal Bond Index.

## **Multi-Dimension Allocation Plus**

The investment philosophy of the Multi-Dimension Allocation Plus models is grounded in research that suggests that there are several investment factors that persistently offer high expected returns relative to the markets generally. Leveraging the insights from this research, the models are built to provide investors with globally diversified, risk-balanced portfolios using both broad-asset class funds (i.e., mutual funds and/or exchange-traded funds) that are designed to tilt their investments, where possible and appropriate, toward securities with high expected-return factors as well as funds that are designed to provide concentrated exposure to securities with specific high expected-return factors. The expected tracking error of each model to its benchmark is approximately four percent (4%).

Within equities these factors include but are not limited to: size (i.e., the return difference between small capitalization stocks and large capitalization stocks), value (i.e., the return difference between low relative price and high relative price stocks), and profitability (i.e., the return difference between stocks of companies with high profitability over those with low profitability). As an example, relative to their benchmark, the funds that the models invest in will generally prefer to make investments in stocks that have lower market capitalizations, lower relative prices, and higher profitability.

Within fixed-income these preferred factors include but are not limited to: credit-spread (i.e., the expected incremental return on investment for holding obligations considered to have greater credit risk than direct obligations of the U.S. Treasury), and term-spread (i.e., the expected relative return on investment for holding securities having longer-term maturities as compared to shorter-term maturities). As an example, relative to their benchmark, the funds that the models invest in will generally prefer to make investments in lower-rated securities and securities with longer durations.

At the broad-asset-class level, the equity allocation of the models is constructed to provide exposure to the global publicly-traded equities market (i.e., US, developed markets ex US, and emerging markets) in roughly the same percentages as their respective aggregate market capitalizations relative to the global publicly-traded equities market, but with an explicit home-bias resulting in about a 10% overweight to US equities and a 10% aggregate underweight to developed markets ex US and emerging markets scaled in proportion to their respective aggregate market capitalizations. The fixed income allocation is constructed to provide exposure to the global publicly traded US dollar-denominated bond market.

There are 11 different Multi-Dimension Allocation Plus models that allocate to the broad asset classes of equities and fixed-income in 10% increments as follows: 100%/0%, 90%/10%, 80%/20%, 70%/30%, 60%/40%, 50%/50%, 40%/60%, 30%/70%, 20%/80%, 10%/90%, 0%/100%. The models' asset-allocations are strategic and are reconstituted annually with a quarterly rebalance back to target weights. The equity benchmark is a blend of the MSCI All

Country World Index, 80.0%, and the Russell 3000 Index, 20.0%. The fixed income benchmark is the Bloomberg Barclays U.S. Universal Bond Index.

### **Large-Cap Core Equity**

The Large-Cap Core Equity strategy is an actively managed strategy that seeks to invest in high-quality, growing businesses at prices that are believed to be attractive. Investment ideas are sourced from third-party, unaffiliated investment managers that are believed to be among the best in the world with respect to investing in large-capitalization equities. These investments are then rigorously vetted using a proprietary multi-factor screening process and traditional, fundamental, bottoms-up securities analysis. A portfolio, diversified in terms of both sector and factor exposure, consisting of approximately 20 to 30 positions is then constructed utilizing those stocks that have passed the screening process. The strategy favors investments in large-capitalization domestic equities but may allocate up to 15% of the portfolio to small and mid-capitalization equities and up to 10% of the portfolio to non-US equities. Initial positions are capped at an 8% portfolio weight and sector exposures are constrained to +/- 10% of the benchmark's sector weights. The benchmark is the S&P 500 Index. The strategy is sub-advised by SkyView Investment Advisors, LLC.

### **Large-Cap Equity Opportunities**

The Large-Cap Equity Opportunities strategy is an actively managed strategy that seeks to invest in high-quality, growing businesses at prices that are believed to be attractive. Investment ideas are sourced from third-party, unaffiliated investment managers that are believed to be among the best in the world with respect to investing in large-capitalization equities. These investments are then rigorously vetted using a proprietary multi-factor screening process and traditional, fundamental, bottoms-up securities analysis. A portfolio, diversified in terms of both sector and factor exposure, consisting of approximately 30 to 60 positions is then constructed utilizing those stocks that have passed the screening process. The strategy favors investments in large-capitalization domestic equities but may allocate up to 30% of the portfolio to small and mid-capitalization equities and up to 30% of the portfolio to non-US equities. Initial positions are capped at a 6% portfolio weight and sector exposures are constrained to +/- 10% of the benchmark's sector weights. The benchmark is a mix of 75% Russell 3000 Index and 25% MSCI ACWI ex-US Index. The strategy is sub-advised by SkyView Investment Advisors, LLC.

### **Select Opportunities**

The Select Opportunities strategy is an active-management strategy that seeks out securities issued by companies that we believe are high quality but are experiencing current valuation and growth dislocations due to market and/or non-market related events, creating attractive risk/reward investment opportunities. The strategy will typically hold between 25 to 40 positions in individual equities, ETFs and closed-end mutual funds. The strategy is unconstrained in terms of the types of equities, ETFs and closed-end mutual funds that can be invested in, enabling the

strategy to get exposure to all asset classes, market capitalizations, sectors and geographies, as investment opportunities present themselves. The strategy, however, favors investments in U.S. large capitalization equities and is constrained by the following: 1) the strategy may have no more than 20% aggregate exposure to fixed-income securities or non-US equities, 2) the strategy may have no more than 50% aggregate exposure to mid-capitalization and small-capitalization equities, 3) the strategy's sector exposures will be limited to +/- 15% of the sector exposures of the S&P 500 Index, 4) the strategy will not utilize leverage (e.g., short selling, options, margin) directly but may obtain exposure to leverage indirectly through ETFs and closed-end mutual funds that utilize leverage as part of their strategies, and 5) the strategy will not acquire an initial position in a security that is greater than 10% of the portfolio. There are no other constraints on the strategy. The Select Opportunities strategy is sub-advised by SkyView Investment Advisors LLC, which uses a disciplined investment process based on both fundamental and credit analysis in the selection of securities for the strategy.

### **SMID-Cap Equity Opportunities**

The SMID-Cap Equity Opportunities strategy is an actively managed strategy that seeks to invest in high-quality, growing businesses at prices that are believed to be attractive. Investment ideas are sourced from third-party, unaffiliated investment managers that are believed to be among the best in the world with respect to investing in small and mid-capitalization equities. These investments are then rigorously vetted using a proprietary multi-factor screening process and traditional, fundamental, bottoms-up securities analysis. A portfolio, diversified in terms of both sector and factor exposure, consisting of approximately 30 to 60 positions is then constructed utilizing those stocks that have passed the screening process. The strategy favors investments in small and mid-capitalization domestic equities but may allocate up to 30% of the portfolio to large-capitalization equities and up to 30% of the portfolio to non-US equities. Initial positions are capped at a 6% portfolio weight and sector exposures are constrained to +/- 10% of the benchmark's sector weights. The benchmark is the Russell 2500 Index. The strategy is sub-advised by SkyView Investment Advisors, LLC.

### **Structured Note Replication**

The objective of the Structured Note Replication strategy is to structure a payoff profile at a future date selected by the client using listed derivatives and eligible collateral instruments. This strategy seeks to provide less downside exposure than investing long only in the equity and/or fixed income markets while also seeking to provide a tailored upside to the client. Accounts or account sleeves allocated to the Structured Note Replication strategy will need to be collateralized with cash and/or securities.

**\$250,000.00 required minimum allocation to the Structured Note Replication strategy on a per account basis.**

### **Exchange Fund Replication**

The Exchange Fund Replication strategy is a risk management option strategy that seeks to reduce market exposure to concentrated single name equity positions while replacing it with exposure to a broad-based index in order to reduce the idiosyncratic risk of those concentrated positions. The strategy uses options to construct a hedge structure that protects the underlying securities from large downside moves, while at the same time preserving a portion of the upside. Additionally, the strategy uses options to create synthetic long exposure to a broad-based index. The option positions are dynamically rebalanced during times of market volatility, and systematically implemented to take advantage of option pricing inefficiencies.

**Accounts managed under the Exchange Fund Replication strategy must hold at least one position in a stock with a notional value greater than or equal to \$500,000.00 (i.e., based on increments of 100 shares).**

### **Large Cap Tax-Managed**

The Large Cap Tax-Managed Strategy is an actively managed long-only, large-cap equity strategy that seeks to outperform the S&P 500 Total Return Index by investing in large-cap equities that the portfolio manager has identified as attractive based on its proprietary ranking process, which evaluates factors such as cash flow, growth rate and earnings estimates. Portfolios invested in accordance with the strategy will typically hold 40 to 80 positions and target 2% to 3% tracking error relative to the index and an annual turnover rate of 20% to 30%. The strategy also seeks out tax loss harvesting opportunities on a daily basis in order to improve the portfolio's after-tax returns. When a tax lot in the portfolio has losses equal to or greater than 15% and the tax lot loss is greater than or equal to a portfolio loss of 1%, the tax loss is harvested. During the wash sale period, the strategy utilizes ETFs that the portfolio manager believes are a proxy for the securities that were sold in order to harvest tax losses.

**This strategy is only available for taxable accounts. Required minimum allocation to the US Large-Cap Direct Indexing strategy is \$100,000.00 and the entire taxable account must be allocated to the strategy.**

### **US Large-Cap Direct Indexing**

The US Large-Cap Direct Indexing strategy seeks to purchase individual stocks in order to create a portfolio that tracks the performance of a US Large Cap index, which will vary by client, with a focus on limiting the portfolio's tracking error relative to the selected index to 1% or less, subject to client-imposed restrictions (e.g., realized taxable gain limits) that may require that the portfolio have a higher tracking error. The US Large-Cap Direct Indexing strategy also seeks out tax loss harvesting opportunities on a daily basis in order to improve the portfolio's after-tax returns. When a tax lot in the portfolio has losses equal to or greater than 5% and the tax lot loss is greater than or equal to a portfolio loss of 0.5%, the tax loss is harvested.

**This strategy is only available for taxable accounts. Required minimum allocation to the US Large-Cap Direct Indexing strategy is \$250,000.00 and the entire taxable account must be allocated to the strategy.**

### **NON-DISCRETIONARY ALTERNATIVE INVESTMENT STRATEGIES**

The goal of the Alternative Investment Strategies Platform is to make available to qualified investors the potential ability to enhance their overall risk-adjusted returns and to increase their portfolio diversification by investing in private investment funds and/or non-standard investments/assets (collectively, “Alternative Investment”), which operate with fewer investment constraints than WSP’s traditional investment models/strategies and may offer more risk-efficient returns. Alternative Investments available on the Alternative Investment Strategies Platform will vary over time based on product availability, ongoing due diligence findings and the investment and/or financial planning needs of clients. Due to minimum investment requirements that may be imposed by Alternative Investment issuers as well as the investment needs and best interests of a particular client, clients who are recommended an allocation to the Alternative Investment Strategies Platform may be limited to a singular Alternative Investment recommendation. Although Alternative Investments are generally recommended as a complement to a client’s other investments under WSP’s management, Alternative Investments may be recommended on a stand-alone basis if it is in the best interests of the client.

Clients should be aware that Alternative Investments are highly speculative and should be undertaken only by clients who are financially able to bear the loss of their entire investment and have no need for liquidity with respect to their investment. Although due diligence is performed on all Alternative Investments on the Alternative Investment Strategies Platform, clients who are recommended an Alternative Investment should carefully read the available “Offering Materials” provided by the issuer of the Alternative Investment, including any private placement memorandum, offering circular or prospectus before making a decision to invest. Alternative Investments involve various material risks that are detailed in the Offering Materials that should be considered by the client before making a decision to invest.

#### **Hedged Equity**

Alternative Investments recommended under the Hedged Equity strategy generally invest, both long and short, in equity and equity derivative securities. A wide variety of investment processes may be employed to arrive at an investment decision, including quantitative, qualitative, and fundamental techniques. Hedged equity strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net long/short exposure, use of leverage, portfolio turnover, and aggregate market capitalization exposure.

#### **Fund-of-Funds**



Alternative Investments recommended under the Fund-of-Funds strategy generally allocate their investments to multiple managers and strategies with the goal of providing investors with diversified and efficient sources of risk and return. Assets may be allocated to multiple managers representing a single investment strategy, to individual managers each representing a different investment strategy or some combination of both. The Fund-of-Funds Strategy allows investors the opportunity to diversify across multiple managers and/or investment strategies with significantly less capital than would be required to invest with multiple managers separately.

### **Global Macro**

Alternative Investments recommended under the Global Macro strategy generally utilize investment strategies in which the investment process is predicated on movements in underlying economic variables and the impact that these variables have on the equity, fixed income, currency, and/or commodity markets. A variety of techniques are typically used to develop their thematic views including discretionary and systematic analysis, as well as the development of top-down and bottom-up views about global currencies, interest rates and equities.

### **Real Estate**

Alternative Investments recommended under the Real Estate strategy generally provide direct or indirect exposure to various types of real estate (e.g., an industrial building) and typically engage in one or more of the following activities in order to improve return on investment: property development, property improvement, and/or property management. Investors typically benefit from cash flow payments from tenants as well as capital appreciation of the property over time.

### **Private Credit**

Alternative Investments recommended under the Private Credit strategy generally focus on obtaining exposure to privately originated or negotiated debt investments which are anticipated to provide higher yielding, but illiquid investment opportunities across a range of risk/return profiles. Underlying investments may include exposure to securitized and direct corporate loans, residential/commercial real estate loans, consumer loans, and other debt investments.

### **Private Equity**

Alternative Investments recommended under the Private Equity strategy generally focus on obtaining exposure to the equity securities of non-publicly-traded companies. Each investment will vary in terms of the types of private equity exposure it will offer depending on its investment strategy, which may target one or more of the following factors: early-stage venture capital, late-stage venture capital, growth equity, mid-market buyout, large cap buyout, and distressed equities. Furthermore, exposure to those factors may be obtained either directly from the non-publicly traded company itself (i.e., the issuer or primary market) or indirectly from primary or secondary investments in other private equity funds. A primary investment in another private

equity fund involves the purchase of interests in that fund directly from the fund sponsor. A secondary investment involves the purchase of interests in a fund from an existing investor (e.g., limited partner) in the fund. In most cases, the investment strategies will seek to provide diversification across vintage year, geography, industry and/or company size. Some strategies will also offer complementary exposure to the private credit and real asset markets to further enhance diversification.

## **NON-RISK TOLERANCE SPECIFIC IMPLEMENTATION STRATEGIES**

### **Investment Strategy Replication**

Investment Strategy Replication is an investment management process that is designed to mimic the return and risk characteristics of a target benchmark strategy (i.e., WSP Model) using a client's existing portfolio holdings. This is accomplished by using an ongoing statistical process called regression analysis to replicate, as closely as possible, the factor (e.g., value/growth, company size, credit, duration...) exposures of the target benchmark strategy in the client's portfolio using the client's existing holdings to the greatest extent possible but rebalancing the portfolio as necessary. Over time, client portfolios utilizing investment strategy replication are rebalanced into the holdings of the target benchmark strategy unless the client's portfolio is restricted by its custodian in terms of its possible investment options and thus cannot invest directly into the holdings of the target benchmark strategy. The speed by which this transition occurs is dependent on numerous factors, including, but not limited to, the availability of rebalancing opportunities and the best interests of the client. While investment strategy replication attempts to mimic the return and risk characteristics of the target benchmark strategy, because 1) the underlying holdings in a client's portfolio may be materially different in terms of the number and/or types of securities held (e.g., individual stocks and bonds or mutual funds versus ETFs), 2) the client's portfolio may have a materially lower overall level of diversification and/or materially different asset allocation, and 3) factor exposures will not be replicated exactly, client portfolios utilizing investment strategy replication may have returns that are materially different from the target benchmark strategy.

### **Low Basis Transitions**

The Low Basis Transitions strategy seeks to hedge downside risks associated with low-tax-basis securities positions held in accounts and accelerate the account's tax-neutral transition to the Dynamic Allocation, ESG Innovation, Multi-Asset Income, Multi-Dimension Allocation, or Multi-Dimension Allocation Plus strategies ("Target Strategies"). The strategy uses options to construct a hedge that provides a layer of protection for securities with a low tax basis from large downside movements, while at the same time preserving the ability to capture a portion of any gains from upward movements in those securities. The strategy seeks a consistent tax-neutral reduction in portfolio tracking error to the selected Target Strategy by generating premiums from options that are invested towards the Target Strategy and utilizing any losses from options to offset realized gains from ongoing liquidations of the low-tax-basis securities positions. Option

positions are dynamically rebalanced during times of market volatility and systematically implemented to take advantage of option pricing inefficiencies.

**Accounts managed under the Low Basis Transitions strategy must hold at least one position in a stock or fund with a notional value greater than or equal to \$250,000.00 (i.e., based on increments of 100 shares of the underlying asset).**

## **OPTIONS OVERLAYS**

### **Hedged Equity Portfolio**

The Hedged Equity Overlay is a risk management option overlay which uses combinations of put and call options to construct a dynamic collar structure that protects the underlying portfolio from large downside moves, while at the same time preserving a portion of the upside. The strategy seeks a consistent reduction in portfolio volatility, while also allowing clients to maintain their underlying portfolio positions and dividends. The option positions are dynamically rebalanced during times of market volatility, and systematically implemented to take advantage of option pricing inefficiencies.

**Accounts or account sleeves managed using the Hedged Equity Portfolio overlay must hold at least one position in a stock with a notional value greater than or equal to \$250,000.00 (i.e., based on increments of 100 shares).**

### **Managed Index Income**

The Managed Index Income Overlay is an option overlay which is designed to be a cost-effective hedging vehicle that sells index call options in order to generate profits from excess premiums that are generally attached to major market index options. In selling index call options, the overlay targets a net long market exposure of 40-60% from a combined stock-and-options perspective.

**Accounts or account sleeves managed using the Managed Index Income overlay must hold at least one position in a stock with a notional value greater than or equal to \$250,000.00 (i.e., based in increments of 100 shares). Additionally, the Managed Index Income overlay is only available for nonqualified (i.e., taxable) accounts and if applied to an account sleeve, the account sleeve must be 25%, 50% or 75% of the account's value.**

### **Opportunistic Yield Enhancement**

The objective of the Opportunistic Yield Enhancement Overlay is to write call options opportunistically against the assets in the account allocated to the overlay and/or broad-based indices in order to enhance portfolio yield while also possibly lowering portfolio volatility by monetizing the volatility of the assets held in the account sleeve.

**Accounts or account sleeves managed using Opportunistic Yield Enhancement overlay must hold at least one position in a stock with a notional value greater than or equal to \$250,000.00 (i.e., based in increments of 100 shares). Additionally, if the Opportunistic Yield Enhancement overlay is applied to an account sleeve, the account sleeve must be 50% or 75% of the account's value.**

## **CASH MANAGEMENT OPTIONS**

### **Cash Management**

The Cash Management strategy seeks to provide attractive levels of yield by investing in a portfolio with a targeted duration of between 0 and 2.5 years that is comprised of funds and/or individual securities and instruments with laddered maturities of up to three years. The strategy can invest in a range of funds, securities and instruments at the discretion of the portfolio manager that may include FDIC insured certificates of deposit (CDs) and US government Treasury bills, notes, and bonds, as well as Prime money market funds, Government and Treasury money market funds, and Tax-exempt money market funds. Portfolios are customized to meet each client's specific needs and preferences for principal protection, yield, liquidity, duration, and tax-exempt income. The decision to invest between treasury securities and CDs is driven primarily by their level of yield whereas money market funds may be utilized more heavily when daily liquidity is paramount and FDIC coverage is not essential. While the strategy seeks to preserve capital, portfolio valuations can fluctuate depending on the underlying positions' sensitivity to interest rate risk, credit risk, and/or liquidity risk and the portfolio's level of exposure to each underlying position, which is ultimately determined by the client's specific needs and preferences.