



Part 2A of Form ADV

Firm Brochure

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*This brochure provides information about the qualifications and business practices of Weatherstone Capital Management, a registered investment advisor with the Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 303-741-2560 or via email directly to the Chief Compliance Officer at [markr@transformwealth.com](mailto:markr@transformwealth.com).*

*The information in this brochure has not been approved or verified by the SEC or by any state securities authority.*

*Additional information about Weatherstone Capital Management is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

Website: [www.weatherstone.com](http://www.weatherstone.com)

March 18, 2024

## Item 2      Material Changes

Our most recent annual updating amendment was filed on September 29, 2023.

- On August 31, 2023, funds affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”) and Stone Point Capital LLC (“Stone Point”) completed an acquisition of Focus Financial Partners Inc. (“Focus Inc.”). This transaction resulted in funds affiliated with CD&R collectively becoming majority owners of Focus Inc. and funds affiliated with Stone Point collectively becoming owners of Focus Inc. Because Transform Wealth is an indirect, wholly-owned subsidiary of Focus Inc., the CD&R and Stone Point funds are indirect owners of Transform Wealth. Items 4 and 10 have been revised to reflect this new ownership structure.
- We updated the description of our services under Item 4 to describe the co-advisory arrangements we have where we provide investment advisory services jointly with other advisors.
- Our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”) was acquired by UPTIQ, Inc. and has been renamed UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”). We have revised the information concerning FTCS to describe our new arrangement with UPTIQ. Further information on this conflict of interest is available in Items 4, 5, and 10 of this Brochure.

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## Item 4      **Advisory Business**

### *About the Firm*

Weatherstone Capital Management was acquired by Transform Wealth, LLC (“Transform Wealth”) on April 1, 2019. Our Wealth Management Services include investment supervisory services to our clients. We began offering investment advice in 1991. Weatherstone Capital Management (“Weatherstone”) is a fee only, fiduciary advisor meaning we are required to act in your best interest and not place our own interests ahead of yours. Our commitment is to:

- Meet a professional and prudent standard of care when making investment recommendations;
- A duty of loyalty to never put our financial interests ahead of yours when making recommendations;
- Follow policies and procedures designed to ensure that we give you advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under federal and state securities laws or as a waiver of any un-waivable rights you possess.

Transform Wealth is managed by Nathan Kubik and David Kubik (“Transform Wealth Principals”), pursuant to a management agreement between C & K Management, LLC (“C&K”) and Transform Wealth. The Transform Wealth Principals serve as leaders and officers of Transform Wealth and are responsible for the management, supervision and oversight of Transform Wealth. Michael Ball is the Managing Director of Weatherstone Capital Management.

### FOCUS FINANCIAL PARTNERS

Transform Wealth is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Transform Wealth is a wholly-owned indirect subsidiary of Focus LLC. Ferdinand FFP Acquisition, LLC is the sole managing member of Focus LLC. Ultimate governance of Focus LLC is conducted through the board of directors at Ferdinand FFP Ultimate Holdings, LP. Focus LLC is majority-owned, indirectly and collectively, by investment vehicles affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”). Investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) are indirect owners of Focus LLC. Because Transform Wealth is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of Transform Wealth.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV’s.

### *Investment Supervisory Services*

We offer wealth management services, defined as providing continuous advice to a client or making investments for a client's individual needs. We do so through a limited power of attorney.

The assets are managed utilizing tactical and strategic asset allocation strategies. We provide these services as follows:

- 1) As a Co-Advisor with other investment advisers, where our Co-Advisor provides an assessment, asset allocation advice and client communication services, and we provide portfolio management services; and
- 2) As a sub-advisor for various broker/dealers or registered investment advisory firms on their respective platforms (whose accounts are referred to as wrap fee accounts).

Direct client investment supervisory services are available through our parent company, Transform Wealth.

We participate in wrap fee programs by providing portfolio management services. How we manage these wrap fee programs may differ from how we manage our other programs. This is due to the difference in available investment selections, transaction fees and investment restrictions. We receive a portion of the wrap fee for our services.

Your Financial Advisor interviews you and collects data through an investment profile at the opening of the account as to your investment experience, liquidity requirements, and tolerance for risk, as well as for general financial information. The Investment Strategy or Strategies, selected by your Financial Advisor, and guided by your chosen Account Objectives then guides the placement and investments for your managed accounts.

You can instruct us to exclude certain securities on an individual basis or to impose reasonable restrictions on your accounts. You can also vote, pledge or hypothecate the securities in your account.

In order for us to provide ongoing services, you are responsible to advise Weatherstone in writing of any material changes in your financial status, modifications to your Account Objective, specific investment restrictions if applicable, special reports required if any, and material changes, such as a change of address, marital status, or any other relevant circumstance which may change how you wish your account to be managed. We cannot manage your account if you have no risk tolerance.

We are a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plans and ERISA plan participants. We are also a fiduciary under section 4975 of the Internal Revenue Code of 1986, as amended (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, we are subject to specific duties and obligations under ERISA and the IRC, as applicable, that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a “PTE”).

### *External Managers*

When we allocate client assets to External Managers, the referring, client-facing adviser, is responsible for assessing the client’s needs, communicating with the client, allocating (or recommending the allocation of) the client’s assets and conducting due diligence and monitoring of the client’s investments. The External Manager is responsible for managing certain of the client’s assets that we allocate to them in a manner consistent with the manager’s stated investment strategies and in accordance with the guidelines we provide.

### *UPTIQ Treasury & Credit Solutions*

We offer Clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc and its affiliates, “UPTIQ”). Please see Items 5 and 10 for a fuller discussion of these services and other important information.

### *Held Away Accounts*

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s).

## *Assets Under Management*

As of December 31, 2023, Transform Wealth and Weatherstone Capital Management had combined discretionary assets under management of \$2,506,767,328 and non-discretionary assets of \$7,539,291 for a total of \$2,514,306,619.

## **Item 5 Fees and Compensation**

### *Fees for Investment Supervisory Services*

For our investment supervisory services, we collect an investment advisory fee (*Management Fee*) on a quarterly basis. Our fee schedule is listed below. Our fees are negotiable at our discretion.

#### **Tactical Programs at Axos & Schwab**

\$1,000,000 and under	1.95%
\$1,000,001 and over	Negotiable

#### **Bond & Equity Programs at Variable Annuities**

\$1,000,000 and under	2.00%
\$1,000,001 and over	Negotiable

#### **Strategic-Active & Tactical Foundation Programs at Axos & Schwab**

\$1,000,000 and under	1.75%
\$1,000,001 and over	Negotiable

#### **Strategic-Passive Programs at Axos & Schwab**

\$1,000,000 and under	1.30%
\$1,000,001 and over	Negotiable

Custom Programs at all custodians up to 2.50%

The above fees include and presume fees to Referring Advisors of 1.00%. Referring Advisors determine the rates of their fees, which will not exceed 1.00%.

Management fees are based on assets under management and are calculated as a percentage based on the value of all assets in the account, including cash, accrued interest, accrued dividends and securities purchased on margin. Management Fees are due at the beginning of each calendar quarter, in advance, based on the account valuation on the last business day of the prior calendar quarter. An account that is opened mid-quarter is charged an initial Management Fee that includes a portion of the fee that is pro-rated for the number of days that the account is open in the first quarter. In addition, an account that is terminated mid-quarter is charged a Management Fee that is calculated on a pro-rated basis for the number of days the account is open in the quarter. If the termination occurs prior to the end of a billing period, fees paid in advance for the final billing period are considered to be earned through the effective date of the termination date. Any unearned portion of the fee paid in advance will be refunded to the client. If an account changes strategies mid-quarter and the fees for the new strategies, in aggregate are at a higher or lower fee than they were prior to the change, the adjustment to the billing will occur at the next quarter. Fees will vary for legacy clients and in some instances are waived for family and friends of the firm. For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodians. The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

We do not recommend the use of margin by Clients but we may accommodate Client requests for use of margin by agreement between the Client and the Custodian. To the extent that a Client authorizes the use of margin, and margin is thereafter employed, the market value of the Client's account and corresponding fee payable by the Client to us will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, Clients authorizing margin are advised of the potential conflict of interest whereby the Client's decision to employ margin will correspondingly increase the management fee payable to us. Accordingly, the decision to employ margin is left to the sole discretion of the Client. Clients employing margin are advised that the margin balance is not deducted when calculating the advisory fee.

### *Other Information about Advisory Fees*

The fees charged can be higher or lower than fees charged in the industry for like services. Tactical investment strategies will typically be more expensive than strategic strategies due to the amount of time and infrastructure needed to frequently review and analyze investments, market conditions, and other risk factors, and then to update and trade investment portfolios as needed. Most of the Weatherstone strategies are evaluated weekly as well as at the beginning of each month. Changes are made as needed.

Exceptions or any other modifications to the fee schedule or minimum account sizes require our approval. In some instances, the primary custodian receives 12b-1 fees from investment companies. These fees offset client custodial fees and administrative costs. The client assets will be subject to additional fees and expenses as set forth in the prospectuses of those funds and variable annuities. The custodian of the assets will typically charge fees for custodial services or trading charges. These fees and expenses are ultimately borne by the client.

### *Clients Are Responsible for Fees Associated with Investing*

Clients are responsible for the payment of all third party fees and expenses associated with investing, such as transaction charges and brokerage commissions to their broker/dealer or other service providers (“Financial Institutions”) as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions).

Third-party fees and expenses that clients are responsible for include the fees and expenses of third-party investment managers. Our fees are separate and distinct from the fees of third-party managers of separately managed accounts and fees and expenses charged to shareholders of ETFs or mutual funds. Such charges, fees and commissions are exclusive of and in addition to the Adviser’s fees. The fees charged by third-party managers of separately managed accounts are described in the Form ADV 2A brochure of that investment manager, and the fees and expenses charged by a mutual fund or ETF are described in the prospectus for the relevant fund. We do not receive any portion of these investment-related commissions and/or fees. Clients are encouraged to read each prospectus and securities offering document.

Portfolio additions may be in cash or securities provided that the Adviser reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client’s account. The Adviser may consult with its clients about the options and ramifications of transferring securities. However, clients are hereby advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### *UPTIQ Treasury & Credit Solutions*

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”). Focus Financial Partners, LLC (“Focus”) is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.’s investors, including Focus, our parent company, no Focus affiliate, including Transform Wealth, will receive any compensation from UPTIQ that is attributable to our clients’ transactions. Further information on this conflict of interest is available in Item 10 of this Brochure.

## **Item 6      Performance-Based Fees and Side-by-Side Management**

In limited circumstances, we accept performance-based fees. We have an incentive to favor accounts that receive a performance-based fee. To mitigate this risk, we monitor the trading activity in performance-based accounts and strive to treat clients favorably.

## **Item 7      Types of Clients**

We provide investment advice to Individuals, Trusts, Estates, ERISA plans, Corporations and other business entities. We have a minimum account value of \$25,000 and a program minimum of \$12,500. At our discretion, we may accept smaller accounts and programs. Note, if your account is of a smaller size and the program you have selected invests in stocks, we may have to substitute other investments, such as mutual funds with similar objectives, due to the limitations of purchasing stocks with small dollar amounts.

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

We offer the Investment Programs listed below. Each investment strategy has different objectives and ways of adjusting to changing investment climates. Most programs seek to manage risk based upon various measures that have been useful historically. While we expect that they will be useful in the future, market dynamics can and do change, and as a result it is not unusual to see the methods of risk measurement and analysis change over time as well. While risk management strategies can be quite effective when market changes are due to the impact of factors such as rising interest rates or economic cycles, they have little ability to protect against unexpected events such as terrorist attacks, major earthquakes, pandemics, etc. which are unpredictable. If we experience one of these types of situations, our goal is to determine if the financial markets have overreacted to the intermediate and long-term impact of the event and adjust the asset allocations accordingly.

Each investment strategy is best suited for investors who can hold the portfolio over a full market cycle of both a bull and bear market, because there are some market environments where programs may excel in comparison to their benchmarks, and others where they will lag behind. A full market cycle will typically give you some of each. You should review each program description to ensure that you are comfortable with the style of management and types of investments used by each program that you select under your investment advisory agreement. Please consult with your financial advisor for a current listing of custodians on which the investment management programs are made available. The programs will often have different holdings and may trade differently from one custodian to another based upon factors such as investment options available and transaction fees and trading cutoff times. Each program listed below has corresponding risks associated with the investment. The numbers following the description list the investment risks associated with each program and are explained in detail in the "Program Risks" section. Our program sheets also show performance for the programs. This data is given for performance at the primary custodian. We do not provide program sheets by individual custodians.

**MANAGED HIGH YIELD** - The Managed High Yield strategy is designed to generate income and growth through a portfolio primarily composed of non-investment grade corporate bond mutual funds. This program is designed to hold corporate bond mutual funds when various risk measurement models show that the funds have the potential to produce a higher return than a money market fund over an intermediate-term time frame. Mutual funds are used to provide greater diversification and liquidity than in a portfolio of individual bonds. During periods that show above average risk, the money is typically moved into a money market fund, or government bond fund. (2,5)



**ASSET ENHANCEMENT** - The goal of the program is to provide clients with the ability and opportunity to participate in various financial markets and to provide that participation with a reduced level of risk. The program is based on a foundation of dynamic asset allocation/modeling. The primary trading model is trend following in nature and based on technical indicators. Short-term, intermediate, and long-term trends are taken into consideration. A series of secondary models may be used when the primary model is less than 100% invested or in a defensive mode. The secondary models are designed to invest in bonds and equity income asset classes, as well as market index funds. The primary model is mostly mechanical and allows for some manager discretion. This component allows for flexibility during unusual events. The secondary models are driven by a variety of factors, as well as by manager discretion. Equity, bond, domestic and international funds are all options to be used within this program. Position size will vary accordingly, with money market positions taken as a defensive stance. The two main goals of the program are capital preservation and consistent returns over time. (1-8)

**INCOME PLUS** - The Income Plus program is designed for income-oriented and moderate growth investors who wish to grow their assets through bonds and other equity income type investments. The portfolio will primarily concentrate its assets in the high yield corporate bond asset class when that sector is favorable, and will also use other bond asset classes and other income-oriented asset classes if the manager determines that they could have a favorable impact on the portfolio. During time periods when market conditions are determined to be generally unfavorable to bonds, then money market funds and inverse rising rate bond funds, and other defensive mutual funds designed to preserve purchasing power may be used. (2-8)

**MANAGED INCOME** – This program is designed for investors where income and preservation of principal are the primary investment goals. This portfolio is a “tactically” managed bond portfolio which invests 100% in bond exchange-traded and traditional mutual funds, primarily using high yield corporate bonds with the ability to use other bond categories such as U.S. Government bonds, investment grade corporate bonds, and international bond funds. Money market funds may also be utilized during defensive periods. (2-8)

**STRATEGIC INCOME** - The Strategic Income program is a tactically managed investment strategy designed to generate income and growth by investing in fixed income mutual funds and ETFs. The portfolio can invest across the full spectrum of fixed income securities without minimum or maximum weightings to any specific area within the fixed-income universe. During periods where the portfolio manager does not find attractive opportunities in fixed income securities, money market funds, other cash equivalent instruments and inverse rising rate bond funds may be used. (2-8)

**TAX-AWARE FIXED INCOME** - The Tax-Aware Fixed Income program is a tactically managed investment strategy designed to primarily utilize tax-free municipal bonds, but will also include taxable bonds in the portfolio when the portfolio manager determines that they have income or capital appreciation potential that is more attractive than current opportunities in tax-free municipal bonds. The portfolio may move from being fully invested in tax-free municipal bonds to being fully invested in taxable bonds. During periods where the portfolio manager does not find attractive opportunities in fixed income securities, money market funds, other cash equivalent instruments and inverse rising rate bond funds may be used. (2-8)

**BALANCED GROWTH** - The goal of the Balanced Growth program is to provide long-term growth of capital from a portfolio of stock and bond exchange-traded and traditional mutual funds that is diversified across several different tactical investment strategies where each directs a portion of the investment allocation, and determines the allocation between

stocks, bonds and cash. The program is typically weighted 70% equities and 30% bonds. During periods when the various investment models indicate that there is little or no potential for gain over the intermediate-term in their respective categories, the asset allocation for that model will typically be moved to money markets or inverse positions to hedge long positions, or allocated to another model. (1-8)

**DIVERSIFIED GROWTH** - The Diversified Growth program is designed for investors seeking long-term growth of their capital over time. The program will typically be invested in stock exchange-traded and traditional mutual funds when conditions for a rising stock market exist. The program adds additional diversification by including tactical mutual funds, which typically provide additional managers who have the ability to utilize innovative strategies that can adapt to changing market environments. During periods when the various investment models indicate that there is little or no potential for gain over the intermediate-term in their respective categories, the asset allocation for that model will typically be moved to money markets or inverse positions to hedge long positions, or allocated to another model. (1-8)

**STRATEGIC DIVIDEND** – The Strategic Dividend strategy seeks to deliver long-term growth of capital by investing primarily in high quality, individual large cap value U.S. companies. With an emphasis on stability and strong fundamentals, this strategy controls sector and attribute exposures based on the investment team’s perceived state of the market cycle and thematic catalysts believed to offer upside opportunity. The portfolio seeks to achieve these results by maintaining holdings concentrated in 35-50 companies with strong financial condition, strong relative earnings power, astute management, and a company culture of returning earnings to shareholders through dividends. (1,5,6,7,9)

**HIGH QUALITY GROWTH** - The High-Quality Growth program is an actively-managed strategic portfolio with a disciplined approach to investing in a concentrated portfolio of 20 to 30 mid-to-large capitalization stocks and international ADRs, growing at above average rates and generate positive cash flow. The managers use a proprietary screening of company fundamentals for the equity decision process, and target stocks that they view as high quality that can be purchased at favorable price/earnings ratios based on fundamental valuation methods. They believe that holding a focused portfolio of quality stocks over a long-term horizon and not striving to match the sector weightings of a market index improves the probability of outperforming the market over time. (1,5,6,7,9)

**INDEXED EQUITY** – The objective of this program is to provide a broadly diversified allocation across the global equity markets. The majority of the allocation will be to domestic equity markets with a primary focus on large-cap securities, with smaller weightings to mid-cap and small-cap securities. Within the international allocation, the majority of the allocation will be to developed markets, with a smaller weighting to emerging markets. Positions are established using exchange-traded mutual funds (ETFs) that are designed to track various equity benchmarks. The portfolio is strategic in nature and will typically be rebalanced annually. (1,5,6,7)

**CUSTOM PROGRAMS** - Custom programs have the ability to utilize customized strategies and investment options that will not normally be used in a standard portfolio. In addition, custom portfolios may also be used on platforms not typically utilized because of their difficulty in managing larger number of accounts at a particular custodian. These accounts may trade in a delayed status (Tier II) compared to the regular strategies; generally, a one-day delay if operationally necessary. The ability to utilize a custom strategy requires the prior written approval of applicant.

**CORE EQUITY** - The Core Equity program focuses on opportunities within the U.S. domestic stock market, with the flexibility to invest in some areas in the international and emerging markets. Capital appreciation is the primary objective, with risk mitigation in periods of shorter-term volatility as a secondary objective. A combination of economic,

market cycle, fundamental, and technical analysis helps to focus on specific investment styles and industries (sectors) to determine the appropriate asset allocation to those styles and sectors. In-house research determines positive trends in profitability, debt, and management over the past several months and years. While seldom the case, cash positions may be higher than normal if market fundamentals do not warrant full exposure. Portfolios are allocated to the broad equity markets primarily through the use of 50-60 individual stocks and some periodic allocations to ETFs and mutual funds. (5,6,8)

**DIVIDEND EQUITY** - The Dividend Equity program focuses on growth and dividend income with an emphasis on companies that exhibit financial stability and historically lower volatility within the U.S. domestic stock market, with the flexibility to invest in some areas in the international and emerging markets. A combination of capital appreciation and dividend income is the primary objective, with risk mitigation in periods of shorter-term volatility as a secondary objective. A combination of economic, market cycle, fundamental, and technical analysis helps to focus on specific investment styles and industries (sectors) to determine the appropriate asset allocation to those styles and sectors, with a tilt toward value, large-cap, and more defensive oriented sectors and industries. In-house research determines positive trends in profitability, debt, and management over the past several months and years. While seldom the case, cash positions may be higher than normal if market fundamentals do not warrant full exposure. Portfolios are allocated to the broad equity markets primarily through the use of 40-50 individual stocks and some periodic allocations to ETFs and mutual funds. (5,6,8,9)

#### *Mutual Funds and Exchange-Traded Funds (ETFs)*

Mutual fund and ETF portfolios are comprised of individual equity and debt securities with their own unique company risks. Shareholders are liable for taxes on any capital gains, as these issuers are required by law to distribute capital gains to underlying shareholders.

Open-end mutual fund shares are calculated at the end of each business day where all shareholders receive the same closing price. ETF's generally trade intra-day where the net asset value (NAV) can fluctuate throughout the business day. As a result, ETF investors may receive different prices when trades are executed on the same day.

### **PROGRAM RISKS**

The investment programs listed above may not be appropriate for all investors. There is no assurance that the Program's separate objectives will be achieved. Because most investment positions will be held less than one year, our investment strategies are best suited for tax-deferred accounts.

The items listed below are additional risks associated with our programs. We have numbered them and listed the numbers associated with each risk for the particular program after the program descriptions on the previous pages.

Investing in securities involves risk of loss that clients should be prepared to bear. It is important that clients understand these risks and they proactively address any concerns with their Advisor. Investment returns and the value of your investment will fluctuate and may lose money.

- (1) Some of our Programs can invest in small/mid-cap and micro-cap stocks. The risks associated with investments in smaller companies include less experienced management, limited product lines and financial resources, shorter operating histories, less publicly available information, which may have more limited marketability and may be subject to more abrupt or erratic market movements than large-cap stocks. This may result in greater share price volatility.
- (2) Some of our Programs can invest in fixed income securities. Fixed income securities are subject to credit risk, interest rate risk and liquidity risk. Generally, the value of fixed-income securities rises when prevailing interest

rates fall and falls when interest rates rise. High-yield bonds, also known as "junk" bonds are subject to greater credit risks and market risks, and are subject to adverse changes in general market conditions and in the industries in which the issuers are engaged, and to changes in the financial conditions of the issuers.

- (3) Some Programs may also invest in "short" or "inverse" mutual funds which are designed to profit from declining securities prices, which involve certain risks that may include increased volatility due to the funds possible use of short sales of securities and derivatives such as options and futures. Short funds are typically used to offset the risk of "long" positions that may continue to be held in the portfolio.
- (4) Some strategies may use leveraged mutual funds. The more a fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. Leveraged mutual funds are typically used for short or intermediate-term trades and enable us to achieve market exposure without selling positions such as bonds or holdings that may move from being taxed as short-term capital gains to being taxed as long-term capital gains. We do not typically use leveraged funds in order to increase the stock market exposure to more than 100% invested. As an example, a 50% allocation in an index fund that is leveraged 2-1 would be expected to provide 100% of the return of an index. The impact of compounding often makes it difficult to achieve a perfect correlation with an index.
- (5) Money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.
- (6) International funds that invest in the securities of foreign companies involve considerations and potential risks not typically associated with investment in domestic corporations. Funds allocated in an international/global/emerging markets investment could be subject to risks associated with changes in currency values, economic, political, social conditions and local regulatory environments.
- (7) The securities markets of many of the emerging markets in which the strategies may invest are substantially smaller, less developed, less liquid and more volatile than the securities markets of the United States.
- (8) Sector specific funds invest in a single sector mutual fund which involves greater risk and potential reward than investing in a more diversified mutual fund. Additional information regarding the risks associated with the investments that may be owned are more fully explained in the prospectus provided by the investment companies. Please read the prospectus for more information.
- (9) Concentrated portfolios. The program will invest its assets in less than 50 positions, this will expose the portfolio to greater volatility and risk from company specific events than a broadly diversified portfolio would. Concentrated holdings may offer the potential for higher gain, but also offer the potential for higher loss.

#### Market Volatility

At various times in the past, volatile market conditions have had a dramatic effect on the value of private investments. In addition, terrorist attacks, other acts of violence or war, health epidemics or pandemics, natural hazards, and/or force majeure may affect the operations and profitability of a Fund's portfolio companies. Such events also could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. Any of these occurrences could have a significant impact on the operating results and revenues of a Fund's portfolio companies and, in turn, on the return of a Fund's investments.

#### Cybersecurity

The computer systems, networks and devices used by our firm and service providers to our firm and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by our firm and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

#### Limited Partnership / Private Real Estate Investment Trust Risks

We offer access to limited partnerships (public and private) and private real estate investment trusts to investors when such investments are consistent with client objectives, risk tolerance, and regulatory eligibility. Private investments are subject to various risks which are set forth in applicable offering documents for each investment. These risks include but are not limited to the risk of loss of principal; liquidity risk; lack of transparency or limitations on communications from the issuer or third parties regarding operations; challenges in obtaining or evaluating comparable pricing information or comparable information on which to evaluate the businesses; limited or no secondary market availability; risks associated with inconsistent dividends and/or distributions; and high internal and operating expenses. Private investments are subject to pricing and liquidity risks as they do not have regular daily pricing.

#### Real Estate Income Trust Risks

Investments in non-listed or non-traded real estate investment trusts (REITs) are subject to additional risks including but not limited to:

- (1) Liquidity risk, as non-traded REITs generally cannot be sold until listed on an exchange or the trust's assets are liquidated. Early redemptions may be subject to limitations including notice requirements, termination of redemption provisions, and discounted redemption values.
- (2) Non-traded REITs can include high upfront fees which are generally designed to cover offering and organizational costs. These early, high fees reduce the value of the principal invested and results in less return on investment. In addition, non-traded REITs can involve significant transaction costs including fees to acquire properties and asset management fees.
- (3) Distributions from non-traded REITs, particularly initial distributions, may be derived from investment principal rather than operations. This practice reduces the value of the shares and reduces the cash available to the REIT to purchase real estate assets.
- (4) Lack of available share price for non-traded REITs, which may limit or eliminate the ability to assess the value or performance of the investment for significant time periods.
- (5) Conflicts of interest risks, including external managers that may receive significant transaction fees by the REIT for services that do not align with shareholder interests, such as fees based on the amount of property acquisitions and assets under management.

## Credit Risk

Investments in credit funds are subject to the credit risk of the underlying instruments. Where such investments are below investment grade and speculative, the risks increase that economic downturns will negatively impact the ability to repurchase shares. Additional risks include lack of a secondary market, liquidity risk, redemption risk (including the risk of discounted returns upon early redemptions and other redemption risks associated with shares not listed on an exchange) and risks associated with distributions being funded from unlimited amounts of offering proceeds or borrowings (which reduces the amount of capital available to invest).

## Item 9 Disciplinary Information

Neither the Firm nor any of our management persons have been involved in any event that are material to a client's or prospective client's evaluation of the Firm or the integrity of its management.

## Item 10 Other Financial Industry Activities and Affiliations

### Focus Financial Partners

As noted above in response to Item 4, certain investment vehicles affiliated with CD&R collectively are indirect majority owners of Focus LLC, and certain investment vehicles affiliated with Stone Point are indirect owners of Focus LLC. Because Transform Wealth is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of Transform Wealth.

### UPTIQ Credit and Cash Management Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

We are a wholly owned subsidiary of Focus Financial Partners, LLC ("Focus"). Focus is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.'s investors, including Focus, no Focus affiliate, including Transform Wealth, will receive any compensation from UPTIQ that is attributable to our clients' transactions.

For services provided by UPTIQ to clients of other Focus firms and when legally permissible, UPTIQ shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). Such compensation to FSH is also revenue for FSH's and our common parent company, Focus. This compensation to FSH does not come from credit or cash management solutions provided to any of our clients. However, the volume generated by our clients' transactions allows Focus to negotiate better terms with UPTIQ, which benefits Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering UPTIQ's solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ's services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### Credit Solutions

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While credit solution programs that we offer facilitate secured loans through third-party financial institutions, clients are free instead to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

### Cash Management Solutions

For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging the third-party financial institutions and other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash management program if the client prefers to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

UPTIQ is available to Transform Wealth to facilitate credit and cash management solutions for our clients.

We do not believe the Focus Partnership presents a conflict of interest with our clients. We do not have a business relationship with other Focus Partners that is material to its advisory business or to its clients.

### Recommendation of Other Advisers

Weatherstone Capital Management manages some of the tactical programs with in-house staff while other programs are managed by sub-advisors who provide us with trading instructions. If we use sub-advisors, they are paid for their services. We receive more income for programs managed in-house and it can be considered a conflict of interest to recommend our own investment programs over those of a sub-advisor.

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

Our employees can buy or sell for their own accounts the same securities recommended to you. Employees seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to you and we monitor their personal trading.

Employees are aware of the rules regarding material non-public information and insider trading. Employees can also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

We do not enter into principal transactions, in which we or our employees buy or sell a security directly to or from a client.

We have a Code of Ethics in place in accordance with applicable securities laws that sets forth the standards of conduct expected of its employees. Written policies and procedures are reasonably designed to prevent certain unlawful practices. Employees are required to:

- Place the interests of clients ahead of their personal interests.
- Owe a duty of loyalty to clients and always act in an ethical manner when interacting with clients, prospects and vendors.
- Conduct all personal security transactions in full compliance with the Code of Ethics.
- Avoid taking inappropriate advantage of their position.
- Use independent, sound judgment when making investment recommendations and engaging in professional activities

Clients and prospective clients can contact us to request a copy of our Code of Ethics.

## **Item 12 Brokerage Practices**

When recommending custodians to our Clients, we consider the availability of investment products, the cost to Clients for custodial and trading services, and the ease of doing business.

We typically recommend Axos Advisor Services (Axos) for our Clients' custodial needs when they wish to use multiple strategies in a single account. They have no minimum commission or trading fee and can trade in fractional shares. If we do use a mutual fund that pays a 12b-1 fee to Axos, they use up to 25 basis points of the shareholder servicing fees they receive from the mutual fund used in the account to offset the custodial service fee charged to your account. This offset is only available to customers at Axos, and not to our Clients with other custodians.

We also recommend Charles Schwab as a custodian. We typically recommend Charles Schwab as custodian for smaller accounts, and for accounts that do not mind having a separate account for each investment strategy, and because of their customer service, technology, trade execution and low expenses to clients. They have relatively low or no transaction fees,



low custodial fees, provide many client services free of charge, and provide and document data on best execution for our review and monitoring. The pricing and execution a Client will receive will vary between Charles Schwab and Axos. There is no guarantee that one will offer better execution than the other will. Choosing one over the other could cost you more money or could result in less favorable execution.

At Axos, we may opt to use liquidity providers, who assist us in achieving better execution for trades than what we believe we could have executed on our own. Those liquidity providers are compensated for their assistance. We opt to use their services only when it seems reasonable that the overall execution quality will benefit.

We receive referrals from representatives associated with broker-dealers. These broker-dealers may place limitations on the custodial platforms they permit, and have an incentive to recommend a particular custodian because of additional compensation or reduced clearing fees they may pay for other services.

We do not receive any research, products or services from broker/dealers or third parties, other than what is necessary for the execution of Client securities transactions. We do not receive any “formal soft dollar” benefits.

We do not offer directed brokerage services.

### ***Aggregated Trading***

We engage in aggregated, block trading to avoid the time and expense of simultaneously entering similar orders for many individual client accounts that are managed similarly at the same custodian, with a goal to receive the same execution price and minimize any difference in performance.

Weatherstone has established procedures to comply with its obligations associated with aggregated, block orders.

### ***Other Information about Trading***

We place trades using your selected custodian, and in some instances, we send our trade instructions to platform sponsors, who in turn execute the trades. Because of the multiple platforms through which we are directing trades, not all trades will be done at the same time. We anticipate that they will generally be done within one business day of each other, but cannot guarantee that result. This means that you may receive better or worse pricing than other individuals in the same program.

### ***Trade Error Policy***

On rare occasions, trade errors can occur. To resolve trade errors, we will place a correcting trade with the client’s broker/dealer.

At Schwab, we are responsible for any losses exceeding \$100 when it is determined we are responsible for the error. To minimize administrative costs, Schwab will absorb any losses less than \$100. When investment gains result from a trade error, the gain will be retained by the Client unless it is determined to be not permissible, or the Client elects not to accept the gain for tax purposes or other reasons. Any gains not retained by Clients are donated by Schwab to a charity of its choice.

At Axos, we are responsible for reimbursing clients for all losses due to trade errors made by us in client accounts. Any gains resulting from trade corrections are not kept by Axos or paid to the Client, they are instead donated by Axos to a charity of its choice.

## **Item 13    Review of Accounts**

Accounts are under the supervision by a review team responsible for verifying that each strategy has been reviewed after rebalances or model trades. Model review is to consist of an audit of sample of client accounts or models after

adjustments are made to asset allocations for the purpose of determining if transactions were processed properly. Because of the nature of the managed account strategies, all accounts in those strategies are under regular review. Accounts in custom programs are reviewed at least semi-annually.

We provide optional quarterly performance statements to some clients. Clients with these types of accounts may view their account information and run reports by going to the client section of our website at [www.weatherstone.com](http://www.weatherstone.com).

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

Weatherstone continues to pay promoters for client referrals that were made in the past but has terminated these agreements.

Weatherstone's and Transform Wealth's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Transform Wealth, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Transform Wealth. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Transform Wealth. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause us to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including us. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

Charles Schwab & Co., Inc. provided conference sponsorship to Focus from January 1, 2023 to March 1, 2024. You can access a more recently updated list of conference sponsors on Focus' website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>.

## **Item 15 Custody**

We typically deduct advisory fees from client accounts held at an independent custodian, as allowed under the safe harbor provisions of the SEC's Custody rule. The qualified custodian of client assets sends account statements directly to Clients. You will receive account statements from the broker-dealer or other qualified custodian at least quarterly. You should carefully review those statements because they are the independent custodian who holds your investments. An independent custodian is an important safeguard to protect your account.

We provide some of our clients with portfolio reports. If you receive these types of reports, we urge you to compare their contents with the statements you receive from your custodian. In the event of a valuation discrepancy, the custodial statement will serve as the official statement.

## **Item 16 Investment Discretion**

We ask you to provide us with investment discretion with respect to securities to be bought and sold and amount of securities to be bought and sold. You grant us this authority by signing a discretionary asset management agreement.

We use this investment discretion to be able to adjust our asset allocation across our investment models as market conditions and investment opportunities change. This allows us to make the adjustment for individual client accounts, and as a group with others invested in the same strategy. We may also use this discretion to select different sub-advisers to use to help us manage our programs.

## **Item 17    Voting Client Securities**

We do not vote proxies on behalf of our Clients. Clients will receive proxies or other solicitations directly from their custodian and can contact the custodian with questions about any particular solicitation. Also, we do not participate in any class action lawsuits on behalf of our Clients.

## **Item 18    Financial Information**

We do not require or solicit prepayment of investment advisory fees of more than \$1,200, six months or more in advance. We are unaware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients and we have not been the subject of a bankruptcy petition.