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Form ADV Part 2A

Firm Brochure

March 27, 2024

This brochure provides information about the qualifications and business practices of WealthDrive Advisory, LLC. If you have any question about the contents of this brochure, please contact us at (434) 609-4262. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

WealthDrive Advisory, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about WealthDrive Advisory, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. WealthDrive, Inc.'s CRD number is 304427.

## Item 2: Material Changes

WealthDrive's last annual update to this brochure was on March 17, 2023, we do not have a material change to report.

## Item 3: Table of Contents

### Contents

Item 2: Material Changes .....	ii
<b>Item 3: Table of Contents .....</b>	<b>1</b>
Item 4: Advisory Business .....	1
A. Description of the Advisory Firm .....	1
B. Summary of Advisory Services.....	1
C. Client Tailored Services and Client Imposed Restrictions .....	1
D. Wrap Fee Programs .....	2
E. Amounts Under Management.....	2
Item 5: Fees and Compensation .....	2
A. Adviser Fees .....	2
B. Clients Are Responsible For Third Party Fees .....	2
C. Outside Compensation for the Sale of Securities to Clients .....	3
D. Retirement Rollover Conflict of Interest Disclosure .....	3
Item 6: Performance-Based Fees and Side-By-Side Management .....	3
Item 7: Types of Clients .....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Investment Loss .....	3
A. Methods of Analysis and Investment Strategies .....	3
B. Investment Risks .....	4
C. Recommended Securities .....	4
Item 9: Disciplinary Information .....	5
Item 10: Other Financial Industry Activities and Affiliations.....	5
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	5
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	5
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	6
D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections.....	6
Item 11: Code of Ethics, Participation in Transactions, Personal Trading.....	6
A. Code of Ethics .....	6
B. Recommendations Involving Material Financial Interests .....	6

C. Investing In or Recommending the Same Securities .....	6
Item 12: Brokerage Practices.....	6
A. Factors Used to Select Custodians and/or Broker/Dealers .....	6
1. Research and Other Soft-Dollar Benefits .....	7
2. Brokerage for Client Referrals .....	7
3. Clients Directing Which Broker/Dealer/Custodian to Execute Transactions .....	7
B. Aggregating (Block) Trading for Multiple Client Accounts .....	7
Item 13: Reviews of Accounts .....	7
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	7
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	7
C. Content and Frequency of Regular Reports Provided to Clients.....	7
Item 14: Client Referrals and Other Compensation.....	7
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	7
B. Compensation to Non –Advisory Personnel for Client Referrals.....	7
Item 15: Custody .....	7
Item 16: Investment Discretion .....	7
Item 17: Voting Client Securities (Proxy Voting).....	8
Item 18: Financial Information .....	8

## Item 4: Advisory Business

### A. Description of the Advisory Firm

WealthDrive Advisory, LLC (hereinafter “WealthDrive Advisory” or “Adviser” or “Advisor”) is an independent internet-based wealth counseling and investment advisory firm that provides software-based portfolio management and advisory services to clients exclusively through an interactive website (“Website”). WealthDrive Advisory is registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisors Act of 1940, as amended. WealthDrive Advisory LLC registered as an investment adviser with the SEC in June 2019. WealthDrive Advisory is a Virginia corporation with its principal office located in Rustburg, Virginia and was founded in June 2019.

WealthDrive Advisory, LLC., is a privately held company headquartered in Rustburg, Virginia.

### B. Summary of Advisory Services

Adviser offers an investment advisory service based on tactical and strategic investment management that makes it possible for anyone who enters into a WealthDrive Advisory Client Agreement (the “Advisory Client Agreement”) to access investment advisory and portfolio management services via a robo-advisor.

Account(s) linked to our robo-advisor such as, but not limited to, Taxable Accounts, Health Savings Accounts (“HSAs”), Individual Retirement Accounts (“IRAs”), College Savings Accounts, and Retirement Plan Accounts will have investment recommendations provided via a client portal. These investment recommendations are provided after completing

a risk assessment questionnaire for each linked account and selecting a model(s) to have the account(s) mirror such model(s).

Clients are given the option of following the model(s) recommended by the WealthDrive Advisory or overriding those recommendations by selecting a different model(s) to follow. Investment advice and recommendations must be entered and executed by the client at their respective account(s) custodian. WealthDrive Advisory does not enter or execute trades for clients.

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

Adviser offers the same suite of services to all of its clients. However, Adviser tailors its software-based investment advisory service(s) to the individual needs of each of its Clients, in accordance with the certain investment options designated by Clients, and subject to certain account limitations that prospective investors should consider, as described further below and in Item 7. Adviser uses software, which is based on academic behavioral economics research, to determine an investor’s risk tolerance. Adviser asks each prospective Client a series of questions to evaluate both the individual’s objective capacity to take risk and subjective willingness to take risk. The subjective risk questions used are to determine both the level of risk an individual is willing to take and the consistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the individual is deemed inconsistent and is therefore assigned a risk tolerance score in the middle. Objective questions are used to estimate, with as few questions as possible, whether the individual is likely to have enough money saved at retirement to afford their likely spending needs.

Clients may self impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs as the client is the one responsible for entering and executing trade orders.

#### **D. Wrap Fee Programs**

Adviser does not participate in any wrap fee programs.

#### **E. Amounts Under Management**

As of January 1<sup>st</sup>, 2024, Adviser manages \$25,000,000 of discretionary assets.

### **Item 5: Fees and Compensation**

#### **A. Adviser Fees**

Adviser is compensated for its advisory services by charging a flat fee monthly cost per client of \$129.00 per month.

Our management fees are calculated and collected monthly from each client. The management fee is a set fee. The management fee may at times be negotiable.

Our management fee does not include brokerage commissions, transaction fees, or other related costs and expenses that might be incurred by the client. Clients may incur certain ticket charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial 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. Mutual funds and exchanged traded funds are also charged internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, or costs. For

more information about our brokerage practice please see Item 12.A.

#### **Termination of Services**

A client may terminate any service for any reason without penalty after entering into an agreement with Adviser with 30 days advance notice.

#### **B. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. Custodian fees, mutual fund fees, transaction fees etc.). Clients may incur certain ticket charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial 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. Mutual funds and exchanged traded funds are also charged internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, or costs. For more information about our brokerage practice please see Item 12.A.

Clients are furnished with specific Fund restrictions upon request. Adviser provides no guarantee of exchange execution on the signal receipt date. While Adviser attempts to provide all Clients within 24 hours of a signal, a delay of up to five (5) business days could occur because of factors beyond the control of Adviser. Such a delay could significantly affect performance. Adviser assumes no responsibility for losses resulting from such delays.

Clients should review broker/dealer and Custodian paperwork to determine final fee schedules that are separate and in addition to fees charged by WealthDrive Advisory's Fee.

### C. Outside Compensation for the Sale of Securities to Clients

Certain representatives of Adviser in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of insurance products from time to time. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of insurance based products, securities or investment products for which the supervised persons receives compensation, Adviser will disclose verbally or electronically the conflict of interest to the Client. Clients always have the right to decide whether to purchase recommended products and, if purchasing, have the right to purchase those products through other brokers or agents that are not affiliated with any person(s) associated with Adviser or affiliates.

Commissions are not Adviser's primary source of compensation for advisory services and advisory fees that are charged to clients are not reduced to offset the commissions or markups on insurance based products, securities, or investment products recommended to clients.

### D. Retirement Rollover Conflict of Interest Disclosure

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

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

Adviser does not charge performance based fees or provide side by side management.

## Item 7: Types of Clients

Adviser generally provides investment advice to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations and/or
- ❖ Other Entities

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

For our software-based financial advice, we use a combination of tactical asset allocation and strategic asset allocation.

Tactical asset allocation is an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. This strategy is designed to allow portfolio managers to create extra value by taking advantage of certain situations in the marketplace. Its is a moderately active strategy because portfolio managers return to the portfolio's original strategic asset mix when desired short-term profits are achieved.

The risk associated with tactical asset allocation is that each class has different levels of risk and return, so each will behave differently over time. There is no guarantee that moving additional assets into an asset class will grow a portfolio.

Strategic asset allocation is a portfolio strategy that involves setting target allocations for various asset classes and rebalancing periodically. The portfolio is rebalanced to the original allocations when they deviate significantly from the initial settings due to differing returns from the various assets. The target allocations depend on several factors, such as the investor's risk tolerance, time horizon, and investment objectives, and may change over time as these parameters change.

Strategic asset allocation is compatible with a buy-and-hold strategy as opposed to tactical asset allocation, which is more suited to an active trading approach.

## **B. Investment Risks**

All investment programs have certain risks that are borne by the client and investing in securities involves risk of loss that clients should be prepared to bear. Adviser's goal is to reduce the risk of loss, but not at the expense of portfolio growth. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. To manage risk, Adviser may rebalance model portfolios on an as-needed basis to bring the asset allocations back to their intended balances.

## **C. Recommended Securities**

Adviser recommends several types of securities in client portfolios including, but not limited to, mutual funds, inverse and leverage funds (single and doubled leveraged), exchange traded funds (ETFs), and stocks. Some of the risk associated with these securities include:

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation risk:** This is the risk that inflation will undermine the performance of an investment or the future purchasing power of a client's assets.
- **Interest rate risk:** The risk that bond prices overall will decline because of rising interest rates.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas, or changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices and regulatory and financial reporting standards that differ from those of the U.S.
- **Inverse fund risk:** An inverse fund (ETF or mutual fund) attempts to mimic the inverse, or opposite, of its stated benchmark. For example, an inverse S&P 500 fund would attempt to deliver the opposite of the S&P 500's daily performance, net of fees. These funds, also called "short ETFs or Bear ETFs", are often an attempt to profit from a downturn in a given market, sector, or index, or to hedge against a potential loss in their portfolio. Although inverse funds do not explicitly use leverage to magnify the intended return, they can suffer from the same



compounding effects as the leveraged long and leveraged short funds.

- **Leveraged fund risk:** A leveraged fund (ETF or mutual fund) seeks to generate a return that is a multiple (usually 2X or 3X or -2X or -3X) of its benchmark index's performance over a specific, pre-set time period indicated in the fund's prospectus. That time period is also referred to as the "rebalancing period", and it is generally only one day, although it could be for a longer time period. As a result, the returns for these types of funds can differ significantly from that of their benchmark index, over periods lasting longer than the rebalancing period because of the compounding of returns. Generally, the longer the security is held, the more likely the returns of the leveraged product will differ from the long-term return of the index. Although potential returns are increased by leveraging, so are the potential losses, so these securities carry significant risk. As a result, leveraged and inverse funds are intended only for sophisticated investors with an aggressive tolerance for risk.
- **Liquidity risk:** Liquidity risk exists when a security would be difficult to purchase or sell, possibly preventing the security from selling at an advantageous time or price. In a mutual fund or exchange traded fund, the fund could be required to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

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

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that could be material to a client's evaluation of the adviser or the integrity of its management. Adviser does not have any information applicable to this Item because we have never been the subject of any administrative, civil, criminal, regulatory (SEC or State), or self-regulatory proceedings.

## Item 10: Other Financial Industry Activities and Affiliations

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

Neither Adviser nor its representatives are registered as or have pending applications to become a Broker/Dealer or Broker/Dealer Representative.

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

Neither Adviser nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Advisor.

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

Neither Adviser nor its representatives have other relationships material to this advisory business and possible conflicts of interests.

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

Adviser does not direct clients and/or client funds to third party money managers.

**Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

**A. Code of Ethics**

Adviser has a written Code of Ethics that establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. Adviser will provide a copy of our Code of Ethics to any client or prospective client.

The Code of Ethics covers all supervised persons and it describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended.

**B. Recommendations Involving Material Financial Interests**

Adviser does not recommend that clients buy or sell any security in which a related person to Adviser has a financial interest unless oversight is provided by the Chief Compliance Officer. Adviser does not have any material interest in any securities.

**C. Investing In or Recommending the Same Securities**

From time to time, representatives of Adviser may buy or sell for their own account the same securities at or about the same time that the recommendation(s) of those securities are provided to clients. A conflict of interest may exist because they can trade ahead of client trades. Adviser mitigates any conflict of interest in the following way. Our Code of Ethics requires representatives to report personal securities transactions on at least a quarterly basis and provide us with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) in which those representatives have a direct or indirect beneficial interest. The reports are reviewed to ensure that we do not trade ahead of client accounts. The records of all representatives' personal and client trading activities are reviewed and made available to regulators to review on the premises.

**Item 12: Brokerage Practices**

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

WealthDrive Advisory does not recommend or suggest the use of a specific custodian. Each client is free to select from the custodian of their choice since trades from our recommendations are entered and executed by the client.

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

WealthDrive Advisory receives no soft-dollar benefits of any kind.

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

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

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

Adviser does not allow directed brokerage.

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

WealthDrive Advisory does not recommend or suggest the use of a specific custodian. Each client is free to select from the custodian of their choice since trades from our recommendations are entered and executed by the client.

## **Item 13: Reviews of Accounts**

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

Client accounts are reviewed at least quarterly by the Adviser only if the client has appropriately and accurately linked the account to our technology stack. Chief Compliance Officer, is responsible for reviewing the technology with regards to risk assessment scores and disseminated recommendations.

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

Reviews may be triggered by material market, economic or political events, or by other changes deemed a concern for Adviser.

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

Each client will receive from their custodian of choice a monthly and/or quarterly written report, detailing the client's account performance. Adviser does not recommend or suggest a custodian.

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

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

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

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

Adviser does not compensate solicitors for referring clients to Adviser.

## **Item 15: Custody**

Adviser does not take physical custody of client assets; custody of client's accounts is held primarily at the Custodians selected by client. Clients will receive account statements from the custodian and should carefully review those statements. Clients are urged to review the account statements they receive from qualified custodian.

## **Item 16: Investment Discretion**

WealthDrive Advisory provides investment advice and recommendations on a non-discretionary basis. The entering and execution of our investment advice and recommendations rests solely on the client at the custodian of their choosing.

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

Adviser will not ask for, nor accept, voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

#### Item 18: Financial Information

Adviser does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet. Additionally, Adviser is required in this Item to provide clients with certain financial information or disclosures about our financial condition if Adviser has a financial commitment that impairs our ability to service our clients. Adviser does not have a financial commitment that impairs our ability to service our clients. Adviser has not been the subject of a bankruptcy proceeding.