



**RATIO WEALTH GROUP, LLC**

**MARCH 12, 2024**

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DENVER, CO 80218  
720-420-4874**

This brochure provides information about the qualifications and business practices of Ratio Wealth Group, LLC ("Ratio Wealth Group"). If you have any questions about the contents of this brochure, please contact us at 720-420-4874. 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. Ratio Wealth Group, LLC is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Ratio Wealth Group is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Ratio Wealth Group is 306278.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our last filing was May 1, 2023. This filing includes:

- Item 4: An update of our assets under management as of December 31, 2023.
- Item 14: Additional detail regarding compensation for client referrals.

Currently, a free copy of our Brochure may be requested by contacting Josh Freedman, Chief Compliance Officer of Ratio Wealth Group at 720-420-4874. The Brochure is also available on our web site [www.ratiowealthgroup.com](http://www.ratiowealthgroup.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Ratio Wealth Group LLC (“Ratio Wealth Group” “RWG” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are a wealth management firm located in Denver, Colorado. We specialize in investment advisory services for individuals, high net worth individuals, foundations, employer sponsored retirement plans, trusts, and estates. Our Firm became a registered investment adviser in November 2019 and is owned by Derek Scarth and Graham Gerlach. Joshua Freedman is the Chief Compliance Officer.

We are committed to helping clients build, manage and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer an initial, complimentary meeting at our discretion; however, investment advisory services are initiated only after you and Ratio Wealth Group execute an Investment Management Agreement.

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### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have created a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent, but within the expected investment guidelines. Account management is guided by the client’s written profile and investment plan. We may accept accounts with certain restrictions, if circumstances warrant. We primarily allocate client assets among various Exchanged Traded Funds (“ETFs”), cash, bonds, CDs, equities, no-load or load-waived mutual funds, or alternative investments in accordance with clients’ stated investment objectives.

During personal discussions and planning meetings, we determine a client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a personal profile and investment plan. We then allocate and manage the client’s investments based on that profile and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationships, we will make changes to the portfolios, as we deem appropriate, to meet clients’ financial objectives and manage risk. We trade these portfolios based on the combination of our market views and each client’s objectives. We tailor our advisory services to meet the needs of each client and seek to ensure that your portfolio is managed in a manner consistent with those needs. Clients have the ability to provide us with standing instructions to avoid investment in particular industries or securities.

If a non-discretionary relationship is in place, we will contact you to present recommendations made, and only upon your authorization will any action be taken on your behalf.

In all cases, clients have direct ownership of their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with your written authorization. We also have limited authority to act on standing letters of authorization (SLOAs) on your behalf, if these are established according to the custodian’s process and consistent with SEC regulations.

Where appropriate, we will provide advice related to legacy positions held in client portfolios. Sometimes, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised, and are expected to understand, that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in losses in your account.

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## **FINANCIAL PLANNING**

Through the financial planning process, our team strives to engage our clients in conversations around the client's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each client in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including their estate, income tax, charitable giving, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance on outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, personal balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals
- Development of a goal-oriented investment plan, with input from various advisors (accountants, attorneys, tax preparers, etc.) related to tax strategies, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRAs and qualified plans, taxable, and trust accounts that require special attention

A written evaluation of each client's initial situation or Financial Plan is provided to the client. An annual review will be offered by the Advisor, if indicated by the Client and Advisor per the Agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

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## **RETIREMENT PLAN SERVICES**

For employer-sponsored retirement plans with participant-directed investments, our Firm provides its advisory services as an investment advisor as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor and Our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan

Sponsor Investment Management Agreement between Our Firm and the Plan Sponsor. Under the 3(21) agreement, Our Firm provides the following services to the Plan Sponsor:

- Screen investments and make recommendations
- Monitor the investments and suggest replacement investments when appropriate
- Assist the plan sponsor in developing an Investment Policy Statement (“IPS”)
- Recommend Qualified Default Investment Alternatives (QDIAs)
- Recommend non-discretionary model portfolios

We can also be engaged to provide Plan Consulting Services. Plan Consulting Services include: financial education to Plan participants, benchmarking the Plan services, education to fiduciary committee members, and monitoring the service provider. The scope of education provided to participants will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

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#### **DISCLOSURE REGARDING ROLLOVER RECOMMENDATIONS**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan’s investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm’s Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

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**WRAP FEE PROGRAMS**

We do not place any client assets into a Wrap Fee Program.

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**ASSETS**

As of December 31, 2023, we have \$568,974,972 in discretionary assets and \$8,214,827 in non-discretionary assets under our Firm's management. We also have \$16,542,320 in assets under advisement.

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**ITEM 5 - FEES AND COMPENSATION**

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**INVESTMENT MANAGEMENT FEES AND COMPENSATION**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trading, investment supervision, and other account maintenance activities. Our recommended custodian may charge transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

Our Firm's advisory fees are based on an annual percentage of your assets that we manage. Our maximum investment advisory fee is 1.50%. Advisory fees are billed quarterly in advance or quarterly in arrears based on managed account(s)'s average daily balance during the calendar quarter. The specific fee and billing arrangement is detailed and agreed to in the Investment Advisory Agreement and Addendum executed by both the Firm and you, the client. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by our Firm and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as "house-holding" portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable, and noted in Appendix of the Investment Management Agreement, legacy positions may also be excluded from the fee calculation.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. When establishing a relationship with Ratio Wealth Group, you provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account, including our advisory fees.

Either Ratio Wealth Group or you may terminate the investment management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and the unearned fee will be credited back to your account or any earned fee will be billed to you by our Firm.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Ratio Wealth Group will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

We will not require prepayment of more than \$500 in fees per client, six (6) or more months in advance of providing any services.

In no case are Ratio Wealth Group fees based on, or related to, the performance of your funds or investments.

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#### **FINANCIAL PLANNING FEES**

For stand-alone financial planning arrangements, Ratio Wealth Group will negotiate the planning fees with you using either a fixed fee or an hourly rate. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. Ratio Wealth Group will determine your fee for the designated financial advisory services based on a fixed fee arrangement described below.

Under our fixed fee arrangement, any fee will be agreed upon in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through Ratio Wealth Group. Fixed fees for financial plans range from \$1,000 to \$15,000.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan. Fees are billed with one hundred percent (100%) of the balance payable at the time the financial plan is delivered. You may terminate the financial planning agreement by providing us with written notice. There is no penalty for termination of your financial planning agreement prior to the plan being delivered to you.

When both investment management and wealth planning services are offered, there is a conflict of interest since there is an incentive for us offering wealth planning services to recommend products or services for which Ratio Wealth Group receives compensation. However, Ratio Wealth Group will make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. As a wealth planning client, you have the right not to act upon any of our recommendations and not affect the transaction(s) through us if you decide to follow the recommendations.

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#### **RETIREMENT PLAN SERVICES**

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and as disclosed in the Employer Sponsored Retirement Plans Consulting Agreement ("Plan Consulting Agreement"). The compensation method is explained and agreed upon in advance before any services are rendered and detailed in the Agreement.

Plan advisory services begin with the effective date of the Plan Consulting Agreement, which is the date you sign the Plan Consulting Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears on the last business day of the quarter or as indicated on the Appendix of the Plan Consulting Agreement. For Plans where our fee is billed to the Custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Plan Consulting Agreement and the Plan Sponsor paperwork.

Either party may terminate the Plan Consulting Agreement at any time upon immediate notice. You are responsible to pay for services rendered until the termination of the agreement.

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**ADMINISTRATIVE SERVICES PROVIDED BY ORION**

We have contracted with Orion, an unaffiliated firm, to utilize their technology platform which supports data reconciliation, performance reporting, fee calculation, client relationship maintenance, quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to our clients or bill the accounts. Ratio Wealth Group and Orion are non-affiliated companies. Orion charges our Firm an annual fee for each account administered by its software. Please note that the fee charged by us, to the client, will not increase due to the annual fee Ratio Wealth Group pays to Orion. The annual fee is paid from the portion of the management fee retained by Ratio Wealth Group.

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**ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges may include custodial fees, fees charged by independent managers, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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. Ratio Wealth Group’s brokerage practices are described at length in Item 12, below. Neither our Firm, nor its supervised persons, accept compensation for the sale of securities or other investment products. Further, our Firm does not share in any of these additional fees and expenses outlined above.

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**ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). We do not engage side by side management, however some Ratio employees and owners have personal assets managed by Ratio Wealth Group in the same strategies employed for clients. This creates a conflict of interest and we have developed and implemented policies and procedures to ensure that no client is disadvantaged by trading in Ratio employees’ or owners’ accounts.

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**ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high-net worth individuals, foundations, employee sponsored retirement plans, trusts and estates. We have a \$500,000 minimum dollar amount to open and maintain an advisory account. This minimum is negotiable.

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Ratio Wealth Group provides proprietary investment strategies to meet the needs and goals of individual clients. Our strategies are developed and maintained in-house by our team of investment professionals. Clients have direct access to the Ratio Team doing the research and making decisions regarding their accounts and the investments and strategies in which they are involved. We create diversified portfolios designed to optimize return, per unit of risk assumed, based on an individual client's return-requirements and comfort with risk. We diversify portfolios by utilizing multiple asset classes. Asset class diversification includes; asset style (value, core, growth), geography, market-cap and sector. Our Firm uses various software programs (Morningstar, Schwab Advisor Center, Orion, Vanguard Advisor Portfolio Analytics, finviz, Excel) to help us access and analyze assets to guide our allocation and security selection decisions. We work to construct tax-efficient and cost-effective allocation strategies based on a client's unique cash flow needs, retirement objectives, stated return and risk profile goals.

Clients may hold or retain other types of assets as well. Our Firm may offer advice regarding those various assets as part of our service. When combined with quality research and value-based fundamental analysis, we feel that this is the best prescription for consistent preservation and growth of wealth.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Fundamental Analysis:* We attempt to measure the intrinsic value of various subsets of equity securities by looking at economic and financial factors (including the overall economy, industry conditions, and supply and demand dynamics among other factors) to determine if asset classes are underpriced (indicating that it may be a good time to buy) or overpriced (indicating that it may be time to sell). When evaluating fixed income securities, we take into account the financial strength of the issuer, interest rate risk, call provisions, liquidity factors, M&A risk and bond insurance. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk because the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

*Asset Allocation:* We attempt to identify appropriate proportions of securities ETFs, equities, fixed income, alternative investments and cash, suitable to the client's investment goals, cashflow needs, and risk tolerance.

Based on a diversified portfolio, the client may not participate in sharp increases (or decreases) in a particular index, industry or security. Another risk is that the weightings of securities, fixed income, and cash will change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals.

Ratio does rebalance portfolios on a consistent basis to insure investment allocations remain complimentary to Client objectives. Periodically we may encounter economic conditions that warrant temporary adjustments to the asset allocation of an investment strategy or portfolio. If we believe that these conditions present either an increase in risk or opportunity for that particular asset class, we may alter the appropriate allocation to reflect this conviction.

*Mutual Fund and/or ETF Analysis:* We use ETFs to allocate client capital with respect to sectors, geographies, market-caps and styles to insure portfolios reflect our investment philosophy and current outlook.

We look at the underlying assets in an ETF or mutual fund to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the ETFs or funds to determine if they are continuing to follow their stated investment strategy.

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## **RISK OF LOSS**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments, there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

- **MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.
- **ISSUER RISK** – The value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.
- **SECTOR RISK** – Investments in a particular sector may be subject to significant problems or returns from that sector may trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the market overall. Ratio will, on occasion, overweight or underweight particular sectors to reflect our view of the attractiveness of those sectors. This could have an adverse impact on your investment returns if we are incorrect in our analysis.
- **NON-DIVERSIFICATION RISK** – When an investment strategy focuses on a small number of holdings, the risk of a single economic, political or regulatory occurrence is more pronounced than it would be for a more diversified strategy. Our strategies are typically well diversified.
- **FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

- **INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- **CREDIT RISK** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.
- **REAL ESTATE RISK** – Investments in real estate funds or Real Estate Investment Trusts (REITs) subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- **SECURITIES LENDING RISK** - Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund. This risk applies to ETFs or funds that Ratio Wealth Group may select as vehicles for client investment. Ratio Wealth Group does not itself lend client securities.
- **EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- **PERFORMANCE OF UNDERLYING MANAGERS** - We select the ETFs, and sometimes mutual funds, in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **NON-LIQUID ALTERNATIVE INVESTMENTS** - From time to time, our Firm will recommend to certain qualifying clients that a portion of such clients' assets be invested in private funds, private fund-of-funds and/or other alternative investments (collectively, "Nonliquid Alternative Investments"). Nonliquid Alternative Investments are not suitable for all our Firm's clients and are offered only to those qualifying clients for whom our Firm believes such an investment is suitable and in line with their overall investment strategy. Nonliquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940. Nonliquid Alternative Investments present special risks for our Firm's clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Nonliquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain

city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters. The above list is not exhaustive of all risks related to an investment in Nonliquid Alternative Investments. A more comprehensive discussion of the risks associated with a nonliquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Nonliquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.

- **OPTIONS AND OTHER DERIVATIVES** - Client portfolios may purchase or sell options, warrants, equity-related swaps, or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the hedged portfolios correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether a portfolio realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security. The purchase or sale of derivatives is rare in Ratio Wealth Group's investment strategies.
- **BOND MUTUAL FUNDS AND LADDERED INDIVIDUAL BONDS** - A ladder individual bond portfolio is comprised of individual bonds where each bond or series of bonds features strategically staggered maturity dates at regular intervals. As each bond or series of bonds matures, proceeds are used to purchase new bonds to continue the bond ladder, or they are used as income. Both ladder individual bonds held in a ladder bond portfolio and bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher returns. Unlike money market funds, the SEC's rules do not restrict bond funds and ladder individual bonds to high quality or short-term investments. Because there are many different types of bonds, bond funds and ladder individual bonds, they can vary dramatically in their risks and rewards. Some of the risks associated with bond funds and ladder individual bonds include:
  - *Interest Rate Risk* - Interest rate risk refers to the risk that the market value of bonds will go down when interest rates go up. Because of this risk, investors can lose money in any bond fund or ladder individual bond portfolio, if a bond were sold before its maturity date. Interest rate risk applies to investments in insured bonds and U.S. Treasury Bonds. Longer-term bonds and bond funds tend to have higher interest rate risks.
  - *Credit Risk* - Credit risk refers to the risk that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects individual bond ladders, mutual funds and exchange-traded funds (ETFs) that hold these bonds. Credit risk is less of a factor in investments including insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
  - *Prepayment Risk* - Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to "retire" its debt and issue new bonds that pay a lower rate. When this happens, proceeds from the sale of individual bonds or a bond fund may not be able to be reinvested in an investment with as high a return or yield.

- **CONCENTRATION RISK** - Because we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security thereby increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF which could make the holding(s) less suitable for the client's portfolio.
- **RISKS FOR ALL FORMS OF ANALYSIS** - Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.
- **COVID AND OTHER GLOBAL PANDEMIC RISK** The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. The COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted, by this and other potential pandemics, will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the US and global financial markets caused by COVID and other potential pandemics may impact our firm's investment strategies.
- **CYBERSECURITY RISK** In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our Firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.
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## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" item to report.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### INSURANCE

Our Firm is also a registered insurance agency with the States of Colorado, California and other required State(s). Some of our Investment Advisor Representatives ("IARs") and owners of the Firm are licensed Insurance agents and sell various life insurance products, long term care and fixed annuities through our affiliated licensed insurance agency.

Because we are under common ownership and some of our Firm's IARs are licensed insurance agents there is a conflict of interest because our Firm and our IARs receive compensation (commissions, trails, or other compensation from the respective insurance products) as a result of effecting insurance transactions.

Commissions generated by insurance sales do not offset regular advisory fees. Our Firm and the IAR have an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether to engage the services of our affiliated insurance agency. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

### OTHER FINANCIAL AFFILIATIONS

Management personnel of Ratio Wealth Group and IARs affiliated with Ratio Wealth Group may engage in outside business activities. As such, these individuals can receive separate, yet customary compensation from these activities. These outside business activities can create conflicts of interest where IARs of Ratio Wealth Group have an incentive to offer services not affiliated with Ratio Wealth Group, to Ratio Wealth Group clients. Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at your discretion as the client. Ratio Wealth Group has processes in place to ensure the disclosure of such conflicts when they arise. The following are separate but affiliated entities under common ownership with our Firm:

***Inclined Technologies, Inc.*** - Graham Gerlach, an affiliated person of the Firm, is an owner and has an economic interest in Inclined Technologies, Inc. ("Inclined"), a private entity. Inclined is an online platform that allows whole life policy owners to more efficiently access the cash value of their policies. Specifically, Inclined matches customers with banks interested in offering them a line of credit, where the cash value of the whole life policy serves as collateral. This entity is not affiliated with Ratio Wealth Group, LLC. Affiliated persons of Ratio Wealth Group may recommend Inclined services to investment advisory clients, where appropriate. Affiliated persons of Ratio Wealth Group may receive a portion of Inclined's profits. This creates a conflict of interest with advisory clients. Clients should note they have the right to decide whether to act on the recommendations of the investment advisor representative. Ratio Wealth Group recognizes the fiduciary responsibility to place the client's interests first and act as a fiduciary in carrying out services provided to you.

***Ponies and Rainbows, LLC*** –Ponies and Rainbows is a commonly owned entity with the Firm and used for personal real estate holdings. The building in which Ratio Wealth Group, LLC has its primary location is owned, through this entity, by Graham Gerlach and Derek Scarth, Managing Members of the Firm. There is less than 5% of time spent on this entity and it is not investment related.

***Saguaro, LLC***- Saguaro is a commonly owned entity with the Firm and used by Graham Gerlach for personal investments only. This is a non-investment related activity.

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## **OUTSIDE BUSINESS ACTIVITIES**

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees.
- We disclose to clients that they have the right to decide whether or not to purchase recommended investment products from our employees.
- We collect, maintain and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and liquidity needs.
- The Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client given their individual needs and circumstances.
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interest in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm.
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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## **OTHER LINES OF BUSINESS**

Our Firm is not currently registered and does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Ratio Wealth Group has developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate conflicts of interest. The Code of Ethics addresses, among other things, personal trading, the giving and receiving of gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients, to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Ratio Wealth Group, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether they are complying with the Firm's ethical principles.

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of Ratio Wealth Group shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Ratio Wealth Group shall prefer his or her own interest to that of the advisory client. Trades in accounts managed by Ratio Wealth Group for the benefit of supervised employees are sometimes traded alongside client accounts. All personal trades for supervised employees of reportable securities in accounts not managed by Ratio Wealth Group must be pre-cleared and not disadvantage clients.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed at least annually by the Chief Compliance Officer of Ratio Wealth Group.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered. For discretionary accounts we may trade without advanced notification to clients. All account restrictions and expectations for participation in Ratio Wealth Group's investment strategies should be communicated prior to discretionary trading in client accounts.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures, including preclearance for each such trade.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Josh Freedman, Chief Compliance Officer.

## ITEM 12 - BROKERAGE PRACTICES

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services ("CS&Co"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with CS&Co. CS&Co will hold client assets in a brokerage account and buy and sell securities when we instruct them to.

While we recommend that clients use CS&Co as Custodian, our clients must decide whether to do so and open accounts with CS&Co by entering into an account agreement directly with them. The Client opens the accounts with CS&Co. The accounts will always be held in the name of the client and never in our Firm's name.

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#### **HOW WE SELECT CUSTODIANS**

We seek to recommend a custodian who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Services offered which include a combination of transaction execution services and asset custody services (generally without a separate fee for custody),
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts),
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.),
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.),
5. Availability of investment research and tools that assist us in making investment decisions,
6. Quality of services,
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices,
8. Reputation, financial strength, and stability,
9. Prior service to our Firm and our other clients, and
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from CS&Co).

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#### **CLIENT BROKERAGE AND CUSTODY COSTS**

For our clients' accounts that CS&Co maintains, CS&Co generally does not charge separately for custody services. However, CS&Co may receive compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' CS&Co accounts. We have determined that having CS&Co execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Custodians).

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#### **PRODUCTS AND SERVICES AVAILABLE TO US FROM CS&CO**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is CS&Co's business serving independent investment advisory Firms like us. They provide our Firm and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. CS&Co's

support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered economic benefits because there is an incentive to do business with CS&Co. This creates a conflict of interest. We recognize the fiduciary responsibility to always act in best interest of our clients and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of CS&Co's support services:

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**SERVICES THAT BENEFIT OUR CLIENTS**

CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through CS&Co include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co's services described in this paragraph generally benefit our clients and their accounts.

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**SERVICES THAT MAY NOT DIRECTLY BENEFIT OUR CLIENTS**

CS&Co also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both CS&Co's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

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**SERVICES THAT GENERALLY BENEFIT ONLY US**

CS&Co also offers other services intended to help us manage and further develop our business enterprise.

**These services include:**

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

CS&Co may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co may also provide us with other benefits, such as occasional business entertainment of our personnel.

## **Our Interest in CS&Co's Services**

The availability of these services from CS&Co benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to CS&Co in trading commissions. We believe that our recommendation of CS&Co as custodian is in the best interests of our clients.

Some of the products, services and other benefits provided by CS&Co benefit our Firm and may not benefit our client accounts. Our recommendation or requirement that you place assets in CS&Co's custody may be based in part on benefits CS&Co provides to us, or our agreement to maintain certain Assets Under Management at CS&Co, and not solely on the nature, cost or quality of custody and execution services provided by CS&Co.

We place trades for our clients' accounts subject to our duty to seek best execution and our other fiduciary duties. CS&Co's execution quality may be different than other custodians.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Management Agreement. We may make trades in individual accounts (that are not aggregated with others) so that we may address that client's unique circumstances. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Management Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement – typically pro-rata for participating client accounts; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation. If allocations are not made on a pro-rata basis across all accounts included in the order, a memorandum summarizing the reason why this is the case will be approved and recorded by the CCO.

6. Aggregation of accounts into a block trade is employed whenever practical. The groups created for aggregation are most often based on accounts with like holdings and tax status. We take care to ensure that if trades are done, in the same securities, for multiple groups, no group or groups are systematically disadvantaged. Trading first does not always mean at the best price.
7. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders we aggregated, the securities held by the account, and the securities bought for that account.
8. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
9. Individual advice and treatment will be accorded to each advisory client.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the Firm. If the error is caused by the custodian or our trading platform provider, the custodian or trading platform provider will be responsible for covering all trade error costs. We will never benefit or profit from trade errors.

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#### **SOFT DOLLARS**

Soft dollars are revenue programs offered by broker-dealers/Custodians whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. Our Firm does not participate in soft dollar programs sponsored or offered by any broker-dealer/Custodian. However, we do receive certain economic benefits from our Custodian as detailed above.

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#### **BROKERAGE REFERRALS**

We do not receive any compensation from any third party in connection with the recommendation for establishing an account.

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#### **DIRECTED BROKERAGE & PRINCIPAL AND AGENCY TRADES**

Our Firm will place trades within the established account[s] at the Custodian designated by the Client. We will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross (agency) transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, our Firm will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

Our Investment Adviser Representatives, portfolio managers, and planning personnel will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. It is important that you notify us of any changes that could impact your financial plan or risk tolerance. In lieu of updated information regarding your financial circumstances and risk tolerance, we will continue to manage your assets on the basis of the existing information you provided.

### **STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Quarterly, or upon request, you will receive Ratio Wealth Group prepared written reports detailing your current positions, asset allocation, and account performance. You are urged to compare the reports and invoices provided by our Firm against the account statements you receive directly from your account custodian.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

We receive an economic benefit from CS&Co. in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under - Item 12 Brokerage Practices. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Our Firm does not accept any referral compensation for client referrals made to other wealth managers or professionals such as CPAs or attorneys. However, Ratio Wealth Group does, from time to time, provide compensation to independent, unaffiliated individuals for client referrals. This creates a conflict of interest since these individuals have an incentive to persuade you to do business with our Firm. Prospective clients should weigh the benefits and costs of hiring Ratio Wealth Group to manage their assets and create a financial plan. We require the independent, unaffiliated individuals who refer you to us to disclose that they are compensated for doing so and that they are not directly affiliated with the firm. We do not have any compensation arrangements other than what is disclosed in this Brochure.

Ratio Wealth Group may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, Ratio Wealth Group does not pay any direct compensation to these firms in return for any referrals made to our Firm. Our Firm does recognize the

fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

## **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities. Based on SEC regulations, Ratio Wealth Group has custody in the following, limited ways:

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### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. The custodial statements will show our management fee and any transactions made in your accounts over the period covered by the statement. You should carefully review those statements and are urged to compare the statements against reports received from Ratio Wealth Group. When you have questions about your account statements, you should contact Ratio Wealth Group or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

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### **STANDING LETTERS OF AUTHORIZATION ("SLOA")**

Our Firm is deemed to have custody of clients' funds or securities when clients have Standing Letters of Authorization (SLOAs), with their custodian, enabling the movement of money from a client's account to a third-party. Under these SLOAs, the client authorizes us to designate the amount or timing of transfers, with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. These standards are as follows:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a bank or custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.

- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We do not have a beneficial interest on any of the accounts where we are deemed to have custody and SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact Ratio Wealth Group or the qualified custodian preparing the statement.

#### **ITEM 16 – INVESTMENT DISCRETION**

For discretionary accounts, prior to engaging Ratio Wealth Group to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Ratio Wealth Group, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 720-420-4874.

#### **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.