

Napa Wealth Management

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This brochure provides information about the qualifications and business practices of Napa Wealth Management. If you have any questions about the contents of this brochure, please contact us at (707) 252-1343. 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.

Additional information about Napa Wealth Management (CRD/IARD # 137724) is available on the SEC's website at www.adviserinfo.sec.gov.

Napa Wealth Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 28, 2018, we have made the following material changes to our Brochure.

- We are no longer offering family office services. Therefore, the disclosures related to this service have been removed from the Brochure.
- The NWM Momentum Fund has gone through a name change is now called the James Alpha Momentum Fund. The fund administrator is Gemini Fund Services and can be contacted by calling 888-672-4839 or by accessing the website www.Saratogacap.com.
- The Momentum Bond Fund has been closed and no longer exists.
- We amended the disclosure under the *Advisory Business* section to address the potential for conflicting advice. The disclosure reads as follows:
 - Since our investment recommendations are based on each client's specific financial situation, investment advice regarding the same security or investment strategy may differ from client to client.
- We have entered into a referral arrangement with Estate Planning Team. Please see the *Client Referrals and Other Compensation* section for additional information. A related disclosure has been added to the *Other Financial Industry Activities and Affiliations* section to disclosure where Associated Persons of our firm are also Members of Estate Planning Team and party to this referral arrangement. We recommend that you read both of these sections and contact George McCuen with any questions. He can be reached at (707) 252-1343.
- We enhanced our disclosures in the *Code of Ethics, Participation or Interest in Client Transactions Personal Trading* section to disclose conflicts of interest due to our affiliated entity, NWM Fund Group, LLC, acting as a sub-adviser to a mutual fund. Previously, NWM Fund Group, LLC was the adviser to the fund and has now change roles to be a sub-adviser to the fund.

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Item 4 Advisory Business

Who We Are

Napa Wealth Management (referred to as "we," "our," or "us") is a registered investment adviser based in Napa, California. We are organized as a corporation under the laws of California and we have been registered as an investment adviser since September 1997. Our principal owners are George McCuen and Maria McCuen.

Services We Offer

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Napa Wealth Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We provide investment management, financial planning and pension consulting services to families, entities, and individuals (referred to as "you" or "client").

Investment Management Services

We offer discretionary investment management services whereby our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for investment management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our investment management services, we will invest your assets according to one or more model portfolios developed by our firm, which model portfolios may be tailored based on individual client circumstances including risk tolerance, current income needs and long term growth objectives. Since our investment recommendations are based on each client's specific financial situation, investment advice regarding the same security or investment strategy may differ from client to client.

Once we construct an investment portfolio for you, we will monitor the portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Since our security selection is made on behalf of the separately managed accounts at large, restrictions on certain securities or sectors are strongly discouraged and are made on a "best efforts" basis. There are no guarantees, expressed or implied, that we can segregate a particular security or sector from ending up in a separate account. When or if this happens in an account that has a restriction on a security or sector, the security will be sold as soon as it is recognized as being a restricted position.

Financial Planning Services

For clients who engage us to provide investment management services, we provide financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. We will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Our financial planning addresses issues relating to: a client's retirement income objectives, analysis of securities, capital needs analysis for life and long-term care insurance, estate and financial legacy planning, financing options, tax planning, review of company benefits and cash flow analysis. The objective of our financial planning services is to identify ways for clients to improve their financial situation. A written plan is presented to the client showing their current situation, their goals and specific recommendations for reaching their goals.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. We will implement the financial plan by providing investment management services to you.

Pension Consulting Services

We provide pension consulting services designed to assist retirement plan sponsors, trustees and/or plan committees in meeting their plan management and fiduciary obligations under the Employee Retirement Income Security Act or other applicable law.

Our pension consulting services may include the following:

- Existing Plan Review
- Creation or Review of Investment Policy Statements
- Management of the Plan's assets
- Assistance with vendor selection

Advisory Services to Retirement Plans

As disclosed above, we offer pension consulting services designed to assist plan sponsors in meeting their management and fiduciary obligations to participants under the Employee Retirement Income Securities Act ("ERISA"). In addition, in providing investment management services, we are acting as an ERISA 3(38) investment manager. Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to Plans are described above, and in the service agreement that you have signed with our firm. Our compensation for these services is described above, and also in the service agreement. Our firm does not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing ERISA fiduciary services, we are acting as a fiduciary of the Plan as defined in ERISA Section 3(21).

Wrap Fee Programs

We do not provide portfolio management services to a wrap fee program.

Types of Investments

We primarily recommend no load mutual funds, exchange traded funds, equities and options. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Assets Under Management

As of February 25, 2019, we provide continuous management services for \$135,537,443 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Investment Management

Our Investment Management fees are calculated as a percentage of assets under management. These fees are billed quarterly in advance, based on the value of your account on the last business day of the preceding billing quarter. Our standard fee schedule is:

Account Value	Annual Fee**
\$500,000 - \$1,999,999	1.00%
Over \$2,000,000	0.80%
	0.80% on the first \$5 million,
Over \$5,000,000	then 0.5% on values over \$5 million

**For account values below \$500,000, we charge an annual fee of 1.50%.

For purposes of calculating initial fees for accounts which are opened during the middle of a quarter, we will charge clients in one of two ways as described below.

Method 1: We will charge you in arrears, on a pro-rata basis (based on the number of days your account was open during the initial quarter), on the first business day in the quarter following the transfer of assets into your account. For example, if assets are transferred into your account on February 14, you will be billed in arrears on the first business day in April based on the value of your account on the last business day of March for services rendered from February 14 through March 31. Subsequently, you will be billed quarterly in advance (April 1, July 1, October 1, January 1) based on the value of the account on the last business day of the preceding billing quarter.

Method 2: We will charge you in advance, on a pro-rata basis (based on the number of days your account was open during the initial quarter), at the time assets are transferred into your account. For example, if assets are transferred into your account on February 14, you will be billed in advance, based on the value of your account on the date the assets were transferred, for services rendered from

February 14 through March 31. Subsequently, you will be billed quarterly in advance (April 1, July 1, October 1, January 1) based on the value of the account on the last business day of the preceding billing quarter.

The above fees are negotiable, based on the scope and complexity of the services provided and/or other extenuating circumstances determined in our sole discretion.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee.

Payment of our management fees will be paid directly to our firm by the qualified custodian holding the client's funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may end our advisory relationship by providing written notice. We will prorate the advisory fees earned through the termination date and send you a refund of the prepaid, unearned portion of your fee.

We process refund payments within 30 days of the termination date and will send you a check or refund your investment account. In either case we will provide a final invoice detailing the calculation of the refund.

Financial Planning

Financial planning services are provided incidental to our investment management services. We do not charge clients additional fees for financial planning services.

Pension Consulting Services

We charge a negotiable annual fee of 1.00% of the value of the plan's assets under \$1 million and 0.50% of the value of plan assets over \$1 million; however in certain cases, our fee may be higher or lower than 0.50%. In such cases, the fee will be negotiated with each client on a case by case basis based on the scope and complexity of the services provided. Fees are billed quarterly in advance, based on the value of the plan's assets on the last business day of the preceding billing quarter. For purposes of calculating initial fees for accounts which are opened during the middle of a quarter, the firm will charge clients in arrears on the first business day of the following quarter pro rata based on the number of days the account was open during the initial quarter and based on the value of the plan's account on the last business day of the quarter during which the account was opened.

Payment of our management fees will be paid directly to our firm by the qualified custodian holding the client's funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may end our advisory relationship by providing 15 days written notice. We will prorate the advisory fees earned through the termination date and send you a refund of the prepaid, unearned portion of your fee.

We process refund payments within 30 days of the termination date and will send you a check or refund your investment account. In either case we will provide a final invoice detailing the calculation of the refund.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. Our firm does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

Compensation for the Sale of Insurance Products

Insurance

Our firm is licensed as an insurance broker and some individuals associated with our firm are licensed as insurance agents. Our firm and associated persons of our firm, in their capacity as insurance agents, may effect transactions in insurance products for clients and earn commissions for these activities. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure. Clients are under no obligation to purchase any recommended investment related products or services through Napa Wealth Management or the Firm's investment adviser representatives.

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

We do not accept performance-based fees or participate in side-by-side management.

Item 7 Types of Clients

Our typical client is an individual household that has accumulated over \$500,000 in liquid (non-real estate) assets. Napa Wealth Management also provides investment advice to trustees of personal and retirement trusts, medical professionals, small businesses and corporations (under 100 employees) and their pensions and profit sharing plans. We generally only consider clients who have a minimum net asset value of \$500,000 for investment management services. We may waive this minimum at our sole discretion. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Investment Strategies

The primary investment strategies used on client accounts is a combination of tactical and passive asset allocation. We primarily recommend mutual funds, exchange traded funds, equities and options.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and when a financial plan is drafted, the plan will serve as the basis for the investment objectives. The client may change these objectives at any time.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Charting involves identifying patterns that can suggest future activity in price movements. A chart pattern is a distinct formation on a stock chart that creates a trading signal or a sign of future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals. Some of the chart types are Line Charts, Bar Charts, Candlestick, Point and Figure, etc.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Short Sales - securities transaction in which an investor sells securities that were borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

Risk: A **short** seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Risks from Purchasing Options. If a call or put option purchased by us is not sold when it has remaining value and if the market price of the underlying security, in the case of a call, remains less than or equal to the exercise price, or, in the case of a put, remains equal to or greater than the exercise price, you will lose its entire investment in the option. There is no assurance that a liquid or "fair" market will exist when we seek to close out an option position. Where a position in a purchased option hedges a related position, the price of the option may move more or less than the price of the related position.

Risks from Selling Options. Selling or writing option contracts often results in a "short" position (see Short Selling Risk below). A short position can result in losses that substantially exceed your initial investment. Short option positions may also lead to an elevation in the position turnover rate and/or may therefore trigger a higher tax liability. There is no assurance that a liquid or "fair" market will exist when we seek to close out a short option position. This lack of marketability may result in further losses. In cases when we sell an option to hedge against price movements in a related underlying position, the price of the option may move more or less than the price of the related position and not fully hedge the position.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes. Short-

term trading may also result in paying taxes at a higher rate than for assets held for more than 12 months when trading occurs in taxable accounts. Napa Wealth Management does not profit based on the number of transactions and is not compensated through transaction charges.

Our strategies and investments may have unique and significant tax implications. We will generally attempt to structure your portfolio in the most tax efficient manner possible based on your accounts under our management. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will, by default, use the FIFO ("First In First Out") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Clients are also subject to the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on certain existing bonds and bond funds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return. This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this Brochure, we primarily recommend no load Mutual Funds, Exchange Traded Funds (ETFs), Equities and Options.

Mutual funds and ETFs are professionally managed collective investment systems that pool money from many and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While ETFs and mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs and mutual funds can be reduced by the costs to manage the funds. During time of extreme market volatility ETF pricing may lag vs. the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day) however there is no guarantee this relationship will always occur. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns.

Each fund investment is managed to a specific investment objective principal investment strategies to achieve the investment objective, as outlined in the fund prospectus. The principal risk is that the fund manager may not achieve the objective set and the fund could lose money or under perform market expectations. This could result in the client's portfolio underperforming the targeted risk and return.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Options Trading: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose material facts that would be material to your evaluation of Napa Wealth Management and its management persons. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

As a registered investment adviser, we are required to disclose when we or our principal(s) have any other financial industry affiliations. We are a licensed insurance broker. Mr. McCuen is a licensed insurance agent registered with various insurance agencies. Please see the *Fees and Compensation* section for more detail on this arrangement.

Affiliated Entities

We are under common control and ownership with NWM Fund Group, LLC, a registered investment adviser which advises a registered investment company (i.e., mutual funds), James Alpha Momentum Fund (the "Fund"). We have discretion and voting authority over the mutual fund shares held through the advisory clients of the firm. Our clients hold more than 25% of the voting shares of James Alpha Momentum Fund, and we are authorized to vote those shares on their behalf. Therefore, Napa Wealth Management is deemed a voting control person of the Fund. This presents a conflict of interest in that, we have an incentive to recommend that clients invest in and hold these funds in order to maintain our control and maintain the Net Asset Value of the funds. However, our firm, and the investment adviser representatives associated with our firm, owe a fiduciary duty to our clients. Therefore, we endeavor at all times to put our client's interest first and will always act in the best interest of our clients.

The fees and expenses associated with the Fund are set forth in each Fund's prospectus. You may obtain a free copy of the Fund's current prospectus by calling the Fund's administrator, Gemini Fund Services, at 888-672-4838 or by going to www.saratogacap.com/. Other fees payable as an investor in a mutual fund sponsored by NWM Fund Group, LLC are described below.

NWM Fund Group, LLC, receives a fee based on the Fund's average daily net assets according to the following schedule:

0.99% of the Fund's average daily net assets up to \$200 million and 0.90% of the Fund's average daily net assets in excess of \$200 million. Additionally, under the Services Agreement, NWM Fund Group, LLC receives an additional fee of 0.50%. In exchange for this fee under the Services Agreement, NWM Fund Group, LLC provides certain services to the Fund and is also obligated to pay certain of the operating expenses of the Fund, excluding management fees, brokerage fees and commissions, 12b-1 fees, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), the cost of acquired funds and extraordinary expenses.

Generally, Clients of Napa Wealth Management, Incorporated should understand that the fees and expenses paid in connection with an investment in a mutual fund are separate and in addition to the fees that are payable to Napa Wealth Management, Incorporated for its services. Clients may, at the direction of Napa Wealth Management, Incorporated, have a portion of their portfolio invested in the Fund - in some instances, this may be a very significant portion of a Client's overall portfolio (e.g., 50% or more). Any such allocation will be done with the specific knowledge of each such Client. With respect to any such investments in the Fund, Napa Wealth Management, Incorporated will not assess a separate account fee in addition to the fees and expenses of the Fund - instead, the Client will only pay the fees and expenses that are associated with the investment in the Fund. This carve out does not apply to any other investments of a Client that are invested in securities and mutual funds not affiliated with, or advised by, Napa Wealth Management, Incorporated, or any of its affiliates. As a

Client, you should be aware that the fees and expenses associated with an investment in the Fund may be more than the fees and expenses paid to Napa Wealth Management, Incorporated if a portion of the Client's assets were not allocated to the Fund.

Other Business Activities

George McCuen, President and CCO, and Tim Ayles, Chief Investment Officer, are both Members of the Estate Planning Team ("EPT"). Napa Wealth Management and EPT are not affiliated entities. As EPT members, George McCuen and Tim Ayles promote the use of the Deferred Sales Trust™ or other estate planning techniques to individuals as an outside business activity. In their separate capacities as Members of EPT, they are compensated for referring clients for various estate and tax planning programs, which is separate and in addition to our advisory fees. Furthermore, Napa Wealth Management, Inc. will also receive compensation from EPT when clients are referred to EPT for estate and tax planning services. This practice presents a conflict of interest as Mr. McCuen, Mr. Ayles, and Napa Wealth Management have a financial incentive to promote the Deferred Sales Trust and/or refer you to EPT. You are under no obligation, contractually or otherwise, to purchase estate and tax planning products through any person affiliated with our firm. Please refer to the *Client Referrals and Other Compensation* section for additional disclosure related to the referral arrangement between Napa Wealth Management and Estate Planning Team.

Item 11 Code of Ethics, Participation or Interest in Client Transactions

Personal Trading

Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information.

A copy of our Code of Ethics is available by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

As disclosed under the *Other Financial Industry Activities and Affiliations* section above, our affiliated registered investment adviser, NWM Fund Group, Inc., is a sub-adviser to one publicly traded mutual fund (the "Fund"). Where appropriate, we will exercise our discretionary authority and without further approval from you, we will invest a percentage of your assets in the Fund. This creates a conflict of interest because our affiliate will receive compensation as the sub-adviser to the Fund. To mitigate this conflict of interest, we will not assess a separate advisory fee in addition to the fees and expenses of the Fund - instead, the Client will only pay the fees and expenses that are associated with the investment in the Fund.

Additionally, this creates a conflict of interest because individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Fund. This practice may create a conflict of interest because we have the ability to trade ahead of the Fund and

potentially receive more favorable prices than the Fund will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor our Associated Persons shall have priority over the Fund in the purchase or sale of securities.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our firm policy that we shall not have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Program), a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through its participation in the program.

We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the custodian, including the value of the custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services the custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

If you do not wish to place your assets with TD Ameritrade, then we cannot manage your account. Not all advisers require their clients to use a particular broker-dealer or other custodian selected by the advisor.

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for one or more separately managed accounts and/or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other clients and/or personal accounts of persons associated with Napa Wealth Management. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Item 13 Review of Accounts

Investment Management

Timothy Ayles, Chief Investment Officer and Robert Blanusa, Senior Financial Advisor, monitors individual securities in separately managed accounts for abnormal price movements and company news releases. In addition, each client account is reviewed for asset allocation on at least a quarterly basis.

We provide quarterly performance reports to clients through an on line vault system. In addition, clients will receive statements from their account custodian on at least a quarterly basis.

Financial Planning

When the client comes in for annual review meetings, a review of the asset values used for retirement income planning and typically, but not always, an updated net worth statement is done. Reviews are completed by Miguel Gonzalez, Director of Financial Planning, Robert Blanusa, Senior Financial Advisor, and/or George McCuen, President.

Item 14 Client Referrals and Other Compensation

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Other Compensation

We receive compensation from Estate Planning Team ("EPT") for referring clients to them. EPT is a membership organization that assists people in estate planning using the Deferred Sales Trust™, deferring capital gains on highly appreciated assets. Napa Wealth Management will refer clients who might benefit from strategies that assist in reducing or deferring taxes and plan design. This is accomplished through a fee sharing arrangement. Through this fee sharing arrangement, Napa Wealth Management, EPT, Centaurus Financial, Inc. (a broker-dealer and registered investment advisor), and Members of EPT share in the fees and other compensation generated by the Deferred Sales Trust™.

Furthermore, George McCuen, President and CCO, and Tim Ayles, Chief Investment Officer, are Members of EPT and are part of this fee sharing arrangement. This arrangement will not cause you to pay more in fees than you would otherwise pay had there been no referral compensation. All referral fees paid to our firm represent a portion of the fees actually charged to you by EPT for trust, tax and estate planning services. Please see the *Other Financial Industry Activities and Affiliations* section for disclosures related to George McCuen and Tim Ayles role as Members of EPT and the related conflicts of interest.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Item 16 Investment Discretion

You are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

While we permit clients to impose limitations on investments we make that fall within the parameters of our investment strategies, we generally discourage clients from doing so.

Item 17 Voting Client Securities

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. We will generally vote proxies consistent with management recommendations. However, we may cast proxy votes against management when such recommendations do not increase shareholder value or maintain or increase the rights of shareholders. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact us at the telephone number on the cover page of this brochure.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and

nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time by contacting Timothy Ayles.

Clients may elect to retain the authority to vote the proxies rather than providing it to us. In those cases, and upon request only, we would provide guidance about voting a specific proxy solicitation. You will receive proxies and other related paperwork directly from your custodian.

Item 18 Financial Information

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser therefore this section is not applicable.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys. We may also share personal information such as your name and, address with our affiliate, NWM Fund Group, LLC.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a profit results from correcting the trade, all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 1. Employer retirement plans generally have a more limited investment menu than IRAs.
 2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.