

**Brochure**

**Form ADV Part 2A**

**ITEM 1 - COVER PAGE**

**Wealth Resources Group**

**CRD# 110131**

2945 Townsgate Road, Suite 200  
Westlake Village, CA 91361  
(818) 889-6700

[www.wealthresourcesgroup.com](http://www.wealthresourcesgroup.com)  
[www.NealFrankle.com](http://www.NealFrankle.com)

**April 5, 2018**

This brochure provides information about the qualifications and business practices of Wealth Resources Group. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Wealth Resources Group is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Wealth Resources Group is also available on the SEC's website at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.

Feel free to visit [WealthPilgrim.com](http://WealthPilgrim.com) to read articles written by our managing member.

## **ITEM 2: MATERIAL CHANGES**

The material changes in this firm brochure from the last annual updating amendment on 3/11/2017 are described below. Material changes relate to policies, practices or conflicts of interests.

- Updated the description set forth in “Portfolios Tailored to Client Objectives” (Item 4).
- Updated the language regarding the relationship with TD Ameritrade (Item 12).
- Removed some models no longer offered (Item 4)
- Updated minimum account size for third party adviser (Item 5 & 7)
- Updated hourly rate for financial planning (Item 5)
- Removed an outside business activity that is no longer relevant (Item 10)

### ITEM 3: TABLE OF CONTENTS

Item 2: MATERIAL CHANGES .....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	10
Item 6: Performance-Based Fees and Side-By-Side Management.....	14
Item 7: Types of Clients.....	14
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 9: Disciplinary Information.....	16
Item 10: Other Financial Industry Activities and Affiliations .....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	17
Item 12: Brokerage Practices .....	18
Item 13: Review of Accounts .....	20
Item 14: Client Referrals and Other Compensation.....	20
Item 15: Custody.....	21
Item 16: Investment Discretion.....	22
Item 17: Voting Client Securities.....	22
Item 18: Financial Information .....	23
Item 19: Requirements for State-Registered Advisors.....	23

#### **ITEM 4: ADVISORY BUSINESS**

##### General Information

Wealth Resources Group (referred to as “we,” “our,” “us,” or “WRG”), has been registered as an investment advisor since August 1999. Our principal officers are Neal Frankle, President, and Mimi Frankle, Chief Financial Officer, Treasurer and Secretary. We are owned by the Neal Frankle and Mimi Frankle Family Trust; Neal Frankle and Mimi Frankle are the trustees.

From 1995 through August 2000, Mr. Frankle was a sole proprietor registered as an investment advisor. In 1999, he formed Wealth Resources Group, a California corporation, to provide services to his clients.

As of December 2017, we managed assets \$108,919,100 on a discretionary basis and \$20,907,000 on a non-discretionary basis.

#### **SERVICES OFFERED**

At the outset of each client relationship, WRG spends time with the client, asking questions, discussing the client’s investment experience and financial circumstances, and broadly identifying major goals of the client.

Clients may elect to retain WRG to prepare a full financial plan. This written report is presented to the client for consideration. In most cases, clients subsequently retain WRG to manage the investment portfolio on an ongoing basis.

For those financial planning clients making this election, and for other clients who do not need financial planning but retain WRG for portfolio management services, based on all the information initially gathered, WRG generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan”).

The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments WRG will make or recommend (both) on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

Finally, where WRG provides only limited financial planning or general consulting services, WRG will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

## **Financial Planning**

One of the services offered by WRG is financial planning, described below. This service may be provided as a stand-alone service, or may be coupled with ongoing portfolio management. Financial planning may include advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client's particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Providing education planning;
- Assisting the client with budgeting;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

Once financial planning advice is given, the client may choose to have WRG implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by WRG under a financial planning engagement and/or engage the services of any recommended professional.

## **General Consulting**

In addition to the foregoing services, WRG may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by WRG. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

## **Portfolio Management Services**

At the beginning of a client relationship, WRG meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by WRG based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, WRG will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, WRG will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on WRG in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of WRG.

#### *Portfolios Tailored to Client Objectives*

If you select a portfolio that contains fixed income, that portion of your account will include a diversified portfolio of bonds.

We use a blend of five Fixed Income ETFs that invest in US & International Government Bonds, Investment Grade Corporate Bonds, and Agency MBS Bonds (created by one of three quasi-government agencies: Government National Mortgage Association (known as GNMA or Ginnie Mae), Federal National Mortgage (FNMA or Fannie Mae), and Federal Home Loan Mortgage Corp). Using figures from Morningstar.com our Fixed Income portfolio has a weighted average duration of under 6 years.

#### **A word about portfolios that contain growth ETF's:**

Investorwords.com defines financial diversification as "reducing non-systematic risk by investing in a variety of assets." A much simpler definition is "not putting all your eggs in one basket." This portfolio does just that by investing in various securities and may hold large stocks and small stocks, value stocks and growth stocks, U.S. stocks, and international stocks, real estate investment trusts, and emerging market stocks. We only use asset classes with long track records of success in providing what investors want and need: productive long-term returns with reasonable risks.

### **A word about our market filter:**

Also, all models that contain either stocks or growth ETFs have a market filter. That means that we use proprietary filters to that potentially could cause us to take a defensive position and sell some or all of those equity positions in favor of cash.

The goal of our market filter is to follow the markets long-term trends and signal when to buy, sell, and hold stocks using a non-emotional and non-guessing rules based approach. The filter was designed to filter out short-term market “noise” thus reducing whipsaws - getting in and out of the market quickly. Our market filter is very different. Although we can’t promise guaranteed results, the system is designed to take action infrequently and when our system identifies the trigger as potentially significant

Below is a summary of each of the portfolio models we offer and who we think each model is best suited for:

### **Diversified Fund Strategies**

Each of the following fund portfolios have a portion of the account invested in equity ETFs and most also have a portion invested in fixed income ETFs as well. The text below details the makeup of each of these portfolios.

Keep in mind that all portfolios that contain fixed income, have that portion of the portfolio managed as described above. All portfolios that contain equity have that portion of the portfolio managed as described above as well. That includes a market filter in both cases.

These models may be appropriate for clients with a longer term investment time-frame but who still may require immediate income.

#### Conservative

The Conservative portfolio seeks the highest return possible consistent with a risk-averse investor. It is best suited for highly conservative investors, including those nearing or in retirement or requiring withdrawals of some of their invested assets within a three-to-five-year time frame. This portfolio will have up to 80% of the assets invested in fixed income and no more than 20% of the assets invested in equity.

This model is appropriate for very conservative investors whose primary objective is asset protection.

#### Conservative Tilted

The Conservative Tilted portfolio seeks the highest return possible consistent with a risk-averse investor. It is best suited for conservative investors, including those nearing or in retirement or requiring withdrawals of some of their invested assets within a three-to-five-year time frame. This

portfolio will have up to 70% of the assets invested in fixed income and no more than 30% of the assets invested in equity.

This model is appropriate for conservative investors whose primary objective is asset protection.

#### Conservative Balanced

The Conservative Balanced portfolio seeks the highest return possible consistent with a risk-averse investor. It is best suited for conservative investors, including those nearing or in retirement or requiring withdrawals of some of their invested assets within a three-to-five-year time frame. This portfolio will have up to 60% of the assets invested in fixed income and no more than 40% of the assets invested in equity.

This model is best suited for conservative investors primarily interested in conservation of capital and some growth.

#### Balanced

The Balanced portfolio seeks to maximize returns consistent with a moderate/conservative investor. It is well suited for investors uncomfortable with an aggressive all equity strategy who nevertheless require a greater return to reach their specific investment goals. This portfolio will have up to 60% of its assets invested in equity and up to 40% of its assets invested in fixed income.

The balanced portfolio is best suited for moderately conservative investors who want to grow their assets but want a significant amount of fixed income in the portfolio to potentially mitigate risk.

#### Equity-Tilted

The Equity-Tilted portfolio seeks to maximize returns consistent with a moderate growth investor. The portfolio is appropriate for investors with longer time horizons who are willing to assume above-average short-term volatility in pursuit of long-term growth. The portfolio will have up to 75% of its assets invested in equity and up to 25% of its assets invested in fixed income.

This model is appropriate for moderate investors who want to grow their assets but want some element of diversification into fixed income.

#### Equity

The Equity portfolio seeks to maximize returns consistent with a growth investor. It is suitable for long-term investors willing to accept greater (S&P 500-level) risk in pursuit of greater growth. This portfolio will have up to 100% of its assets invested in equity.

#### Wealth Resources Group Stock Growth Strategy

Our growth stock program is a rules-based investment strategy that attempts to create excess returns when compared to the S&P 500 index and is designed to help investors avoid major drawdowns due to corrections and bear markets using the market filter mentioned above. This is explained in our FAQ. We cannot guarantee that these goals will be achieved.



The WRG Growth Program holds 10 to 18 individual stocks. We look for companies that are growing much faster than the market with accelerated expansion in sales and earnings. We also look for companies with unique brands with high demand and have strong market domination for their products and services.

Each stock is carefully screened on an on-going basis and must pass rigorous tests to remain in the portfolio. Investors who are interested in participating in this program must be prepared for above average risk as this is a program with a limited number of securities and there is no guarantee that we will achieve our goals.

This is suitable only for aggressive investors.

#### Wealth Resources Group Dividend Income Stock Strategy

We pick 10 to 18 stocks for the WRG Dividend Income Stock program from some of the largest blue chip companies in the world with a long history of increasing dividend payouts.

Our multi-layered screens filter for financially strong companies that have established brands and market share and which have a track-record of weathering recessions and bear markets. There is no guarantee that these companies will continue to do so however. To earn a place in our portfolio, the stock must have strong earnings and sales in addition to our long list of other criteria.

We also recognize that all ships rise and fall with the tide so we use our proprietary system to trigger an exit from the market when conditions warrant it (this is the market filter described above).

We cannot guarantee that we will achieve our goals. All investing involves risk.

Since this is an all equity portfolio, it is suitable for moderately aggressive investors.

***Summary:*** *Even though the prime objective of my firm is to grow your assets safely, the selection of any investment strategy mentioned above does not guarantee against loss of principal.*

#### **Wealth Resources Wrap Program**

We act as the portfolio manager to the WRG Wrap Program. Clients who participate in this program receive a separate brochure with disclosures specific to the wrap program. All clients whose portfolios are directly managed, whether or not they participate in the wrap program, are managed using strategies discussed above. Trades for both groups of clients are placed concurrently. We receive a portion of the fees paid for the wrap program as compensation for our services.

#### **Edelman Managed Asset Program®**

We may refer a portion or all of the assets for a client to Edelman Financial Advisors LLC, ("EFA"), an unaffiliated third-party investment adviser. EFA sponsors the Edelman Managed Asset Program®

("EMAP"), which is a proprietary asset allocation program in which portfolios consist of unaffiliated investment products, including no-load mutual funds, exchange traded funds and variable annuities. We work with clients to complete an EMAP questionnaire to determine the client's risk profile, financial situation and investment objectives. Based on that information, we will determine the appropriate EMAP portfolio. Clients will enter into a tri-party agreement between WRG, EFA and the client. EFA will generally be granted discretionary trading authority to provide investment supervisory services for the portfolio.

With respect to assets managed by EFA, WRG's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of EFA, and to assist the client in understanding the investments of the portfolio.

### **Additional information**

Neal Frankle maintains a blog at [WealthPilgrim.com](http://WealthPilgrim.com). This is publicly available at no cost to visitors.

## **ITEM 5: FEES AND COMPENSATION**

### General Fee Information

Clients enter into one of two fee arrangements. Generally clients elect to pay management fees to WRG separately from the brokerage expenses of the account. Accordingly, client accounts pay a management fee, plus the cost of transactions in the account. Please see ***Item 12 - Brokerage Practices*** for additional information.

Alternatively, clients may elect to participate in the WRG Wrap Program. The Program fee structure includes the brokerage expenses (e.g., commissions, ticket charges, etc.) of the account as well as the management fee paid to WRG. Under the all-inclusive billing alternative, WRG will assess one client fee that captures the management, brokerage and administrative portions collectively. Inasmuch as WRG pays the broker/dealer the transaction and execution costs associated with client accounts, this may create a disincentive for WRG to trade securities in accounts.

In either of these arrangements, the fees noted above are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, WRG and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

You may provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees from your investment account by initialing the appropriate section of our investment management contract.

- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated. We send the invoice concurrent with our request for payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fee calculation, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

You may end our advisory relationship by providing 30 days written notice. In the event of termination, any paid but unearned fees will be promptly refunded to you based on the number of days that the account was managed. We process refund payments within 30 days of the termination date and will send you a check or issue a credit to your investment account. In either case, we will provide a final invoice detailing the calculation of the refund.

We believe our fees are competitive; however, you may be able to obtain similar services from other sources at a lower price.

#### Portfolio Management Fees

Fees for our services are billed at the beginning of each quarter, calculated on the value of assets under management as of the last day of the previous calendar quarter. Fees are based on the following schedule:

<u>Account Value</u>	<u>Annual Fee</u>
On values from \$ 150,000 to \$249,999	1.65%
On values from \$ 250,000 to \$499,999	1.45%
On values from \$ 500,000 to \$999,999	1.25%
On values from \$1,000,000 to \$1,999,999	1.00%
On values from \$2,000,000 to \$4,999,999	0.75%
On values over \$5,000,000	0.60%

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly.

The minimum portfolio value is generally set at \$150,000. If we agree to waive the minimum and accept an account less than \$150,000, the management fee will be 1.75%. Once the account reaches \$150,000 the standard fee schedule will apply.

WRG may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where WRG deems it appropriate under the circumstances.

For clients who require a greater degree of customization to their account (including specific investment restrictions), WRG negotiates a “fixed” asset-based fee ranging from 0.25% to 2% of the

assets under management. This fee is negotiated based on the composition and size of the account and the investment management requirements.

### Wrap Program Fees

As described above, clients may participate in WRG's Wrap Program. Clients participating in the Wrap Program will generally pay the fees listed in the Wealth Resources Group Wrap Fee Program Brochure (see *Item 4 – Services, Fees and Compensation*), but do not separately pay brokerage expenses in the account(s).

### Edelman Managed Asset Program®

The following table lists the fees for participation in the EMAP, along with the portion of the fees we receive:

For the Portion of the Account Value that is at least	but less than	EFA's Client Fee for Assets at this Tier is:	EFA's Payout to WRG
\$ -	\$ 150,000	2.00%	1.20%
\$ 150,000	\$ 400,000	1.65%	1.00%
\$ 400,000	\$ 750,000	1.25%	0.75%
\$ 750,000	\$ 1,000,000	1.00%	0.50%
\$ 1,000,000	\$ 3,000,000	0.75%	0.35%
\$ 3,000,000	\$ 10,000,000	0.60%	0.25%
\$ 10,000,000	\$ 25,000,000	0.50%	0.20%
\$ 25,000,000	and greater	negotiable	negotiable

When you participate in the EMAP, a minimum household size is \$5000 and account size of \$3,000 is usually required. EFA may waive these minimums at their sole discretion. Fees are typically not negotiable for assets less than \$25 million; however, in EFA's sole discretion, EFA may aggregate accounts within a household to determine the lowest fee if all accounts are managed as one relationship.

EFA's fees are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, WRG, EFA and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Portfolio management fees are generally payable quarterly, in arrears. The fee is based on the average daily value of the assets in the account. If management begins after the start of a quarter, fees will be prorated accordingly. Management fees are debited directly from the client's account. EFA collects the total fee and remits WRG's share to us.

Clients may terminate the tri-party agreement by providing written notice. Upon termination, fees will be charged through the date of termination.

#### Financial Planning and General Consulting Fees

Financial planning services are provided for an hourly fee that ranges up to \$350 per hour or a fixed fee. Fees are negotiated with each client based on the scope and complexity of the requested services.

General consulting services are generally separate from WRG's financial planning and portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally a fixed fee, or alternatively based on an hourly rate – generally not to exceed \$350 per hour.

In either case, we request a deposit of 100% of the estimated or negotiated fee upon inception of the relationship. You will receive an invoice upon completion of the engagement that is payable upon receipt. You may pay for financial planning services by check or cash. We will not accept more than \$500 six months in advance of delivering the plan.

You may cancel either of these services at any time by providing written notice. Upon cancellation, we will calculate the amount due and apply the initial deposit. You will receive an invoice detailing any amounts due or refunds owed.

When you implement the financial plan through us, we receive the customary fees as disclosed in the following section. You are not required to employ us to implement the financial plan, or to implement the investment plan, or any portion of it, at all.

#### Other Compensation

Neal Frankle, President of WRG is also licensed to sell insurance in California. In providing financial planning and other related advisory services, Mr. Frankle may recommend the purchase of products under circumstances where he would be entitled to receive a commission or other compensation in the transaction. Such compensation presents a conflict of interest for Mr. Frankle. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to Mr. Frankle and a management fee to WRG on the same pool of assets. Clients of WRG are under no obligation to implement insurance recommendations through Mr. Frankle.

The California Code of Regulations requires that all investment advisers disclose the following to their advisory clients:

- i. All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding WRG, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice;
- ii. While WRG endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by WRG;
- iii. Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, WRG hereby makes the following statement: a conflict exists between the interest of WRG and the interests of the client. Further, the client is under no obligation to act upon WRG recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through WRG.

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

WRG does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because WRG has no performance-based fee accounts, it has no side-by-side management.

#### **ITEM 7: TYPES OF CLIENTS**

Our clients are typically retirees, highly paid employees and small business owners, divorced or widowed women and men, charitable organizations, trusts and pension plans. For directly managed accounts, WRG generally requires that clients maintain \$150,000 under management with us. However, we may waive that minimum at our sole discretion.

For clients participating in the Edelman Managed Asset Program®, a minimum household size is \$5000 and account size of \$3,000. EFA, the sponsor of the Program and an unaffiliated adviser, may waive these minimums at its sole discretion.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### How Investments are Selected within Your Portfolio

Each investment vehicle is carefully researched before being used in a portfolio. While market conditions are constantly changing, we do our best to make sure that the investments are sound. Exchange traded funds are selected based upon fund quality and performance. Mutual funds are selected based on criteria including peer performance, management tenure and low fees. Individual bonds and closed end income funds are selected based upon acceptable credit quality and bond duration. In some cases, a portion of the model may be invested in high yield bonds.

Not all accounts managed within an investment strategy will contain identical holdings. Securities are sold or purchased based on market changes. We may have significant cash balances depending

on the market condition. The benefit to you is that you can potentially remain invested in the (relatively) strongest areas of the market as much as possible. This can also benefit you by reduced trading.

First we look at the market and try to determine the risks associated with the short and long term outlook. Generally, we are invested in the market but we may raise large amounts of cash. On the fixed income side, there are times it makes sense to own a variety of securities including high yield bond funds.

WRG's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

#### Investment Strategies:

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.

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.

While WRG seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While WRG manages client investment portfolios, or recommends one or more Managers based on WRG's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that WRG or a Manager allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that WRG's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, WRG or any Managers selected or recommended may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks

due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* WRG and any Managers selected or recommended will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* WRG and any Managers selected or recommended invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* WRG and any Managers selected or recommended may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neal Frankle, President of WRG, is also licensed to sell insurance in California. In providing financial planning and other related advisory services, Mr. Frankle may recommend the purchase of products



under circumstances where he would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to Neal Frankle and a management fee to WRG on the same pool of assets.

Mr. Frankle also maintains a blog, Wealth Pilgrim (WealthPilgrim.com), which discusses financial issues. No specific investment advice is provided. It is a resource for information about the financial industry written in easy-to-understand language. Mr. Frankle spends approximately 15% of his time on this endeavor.

Wealth Resources Group always acts in the best interest of the client. Clients are in no way required or encouraged to utilize the services of any representative of Wealth Resources Group in their capacity as an outside business activity.

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

##### Code of Ethics

WRG has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. WRG's Code has several goals. First, the Code is designed to assist WRG in complying with applicable laws and regulations governing its investment advisory business. WRG owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with WRG (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for WRG's associated persons. Under the Code's Professional Standards, WRG expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, WRG associated persons are not to take inappropriate advantage of their positions in relation to WRG clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time WRG's associated persons may invest in the same securities recommended to clients. Under its Code, WRG has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

##### Participation or Interest in Client Transactions

WRG does not recommend that clients buy or sell any security in which a related person to WRG or WRG has a material financial interest.

Because client accounts are invested almost exclusively in open-end mutual funds and ETFs, there is little opportunity for a conflict of interest between personal trades by WRG associated persons and trades in client accounts, even when such accounts invest in the same securities. However, in the event of other identified potential trading conflicts of interest, WRG's goal is to place client interests first.

Associated persons of WRG participate in the same model portfolios as WRG's clients and may trade the same securities as WRG's clients. If an associated person desires to make a trade in the same security on the same day, transactions in access person accounts will be implemented only after all discretionary client orders are filled. Because any non-discretionary clients must respond with prior approval of each trade, WRG may or may not trade before such accounts, depending upon the timing of the client's response. Finally, in the limited instance that an associated person trades with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with WRG's written policy.

## **ITEM 12: BROKERAGE PRACTICES**

### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, WRG seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, WRG may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of WRG's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

WRG participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"). TD Ameritrade offers its Program to independent investment advisers. The Program includes such services as custody of securities, trade execution, clearance and settlement of transactions. WRG receives some benefits from TD Ameritrade through its participation in the Program. WRG is independently owned and operated and is not affiliated with TD Ameritrade.

As disclosed above, WRG participates in TD Ameritrade's Institutional advisor program and WRG may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between WRG's participation in the Program and the investment advice it gives to its Clients, although WRG receives economic benefits through its 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 WRG 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 WRG by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by WRG's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit WRG but may not benefit its Client accounts. These products or services may assist WRG in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help WRG manage and further develop its business enterprise. The benefits received by WRG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, WRG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WRG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the WRG's choice of TD Ameritrade for custody and brokerage services.

WRG may receive succession planning, practice valuation, and equity management services from third-party vendors through WRG's participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, WRG may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with WRG and there is no employee or agency relationship between TD Ameritrade and WRG. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise WRG and has no responsibility for WRG's management of client portfolios or WRG's other advice or services to clients.

WRG's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflicts of interest. WRG may encourage their clients to custody their assets at TD Ameritrade and whose client accounts are portable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, WRG may have an incentive to recommend to clients that the assets under management by WRG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. WRG's participation in the TD Ameritrade Institutional Equity Management Program does not relieve the WRG of the duty to seek best execution of trades for client accounts.

We require that our clients use TD Ameritrade as the qualified custodian. While we require that you use TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with TD Ameritrade, then we cannot place trades for your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at TD Ameritrade, we can still use other brokers to execute trades for your account.

#### Aggregation of Orders

WRG's practice is to direct trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, WRG may aggregate trades together for multiple client accounts, most often when these accounts are being directed to buy or sell the same securities. If such an aggregated trade is not completely filled, WRG will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by WRG or its officers, directors, or employees will be excluded first.

#### **ITEM 13: REVIEW OF ACCOUNTS**

Mr. Frankle, President, reviews the holdings in the models on a daily basis. Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by WRG. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Neal Frankle, WRG's President, reviews all accounts.

For those clients to whom WRG provides separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of WRG's investment adviser representatives or principals. We encourage our clients to contact us at least annually to update their financial plan.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, WRG provides at least a quarterly report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

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

As noted above, WRG may receive an economic benefit from TD Ameritrade in the form of support products and services it makes available to WRG and other independent investment advisors that have their clients maintain accounts at TD Ameritrade. These products and services, how they benefit our firm, and the related conflicts of interest are described in (*Item 12 - Brokerage Practices*). The availability of TD Ameritrade's products and services to WRG is based solely on our participation in the program, and not on the provision of any particular investment advice.

WRG does compensate solicitors for referring investment advisory clients to the firm. This arrangement is pursuant to a written agreement between the solicitor and WRG. Solicitors are compensated by sharing in the management fee collected by WRG from the solicited clients. The solicitor may have a conflict of interest in referring clients to WRG. The management fee paid by the

client does not increase because the client was obtained through a solicitor. The referred client will always receive a disclosure document that contains specific details regarding the arrangement and a copy of WRG's Form ADV Part 2A. WRG will always comply with Rule 206(4)-3 "Solicitors Rule".

WRG will ensure solicitors are properly registered in all necessary jurisdictions and will not utilize the services of unregistered solicitors in any jurisdictions requiring solicitor registration.

#### **ITEM 15: CUSTODY**

TD Ameritrade is the custodian of nearly all client accounts at WRG. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify WRG of any questions or concerns. Clients are also asked to promptly notify WRG if the custodian fails to provide statements on each account held.

From time to time and in accordance with WRG's agreement with clients, WRG will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

When advisory fees are deducted directly from client accounts at client's custodian, WRG will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, WRG will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy

## **ITEM 16: INVESTMENT DISCRETION**

As described in **Item 4 - Advisory Business**, WRG will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney (“LPOA”) is executed by the client, giving WRG the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client if and only if the client directs WRG to do so to the client’s address or record, bank, or if to a third party, only upon written authorization from the client; and, the withdrawal of advisory fees directly from the account. WRG then directs investment of the client’s portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with WRG and the requirements of the client’s custodian.

For *non-discretionary accounts*, the client also generally executes an LPOA, which allows WRG to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between WRG and the client, WRG does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to WRG’s agreement with the client and the requirements of the client’s custodian.

## **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of policy and as a fiduciary to our clients, we have responsibility for voting proxies for your portfolio securities consistent with your best economic interests. We maintain written policies and procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. You may provide direction regarding any particular proxy solicitation.

You may elect to retain the authority to vote the proxies yourself. In this case, you will receive proxies and other related paperwork directly from your custodian. Upon request we will provide guidance about voting a specific proxy solicitation.

You may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time.

If you participate in the EMAP, we can only provide you with guidance for voting securities. You will receive proxies and other related paperwork directly from your custodian.

**ITEM 18: FINANCIAL INFORMATION**

We do not charge or solicit pre-payment of more than \$500 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients. Therefore, we have no disclosure for this Item.

**ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

Our principal officers are Neal Frankle, President, and Mimi Frankle, Chief Financial Officer, Treasurer and Secretary. Additional information regarding Mr. Frankle's education, business background and outside business activities can be found on his Part 2B, brochure supplement. Ms. Frankle does not provide investment advice to clients.

WRG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Neither WRG nor any management person of WRG has been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

Neither WRG, nor its management persons, has any relationship or arrangement with issuers of securities. See Item 10C and 11B.

**California Disclosure Requirements**

In our opinion, all material conflicts of interest regarding WRG, our representatives or any of our employees which could reasonably be expected to impair our rendering of unbiased and objective advice to an advisory client under Section 260.238(k) of the California Code of Regulations have been disclosed.

Neither WRG nor Mr. Frankle have arrangements or relationships with any issuer of securities that needs to be disclosed here.