

# **Wolf Group Capital Advisors**

Form ADV Part 2A

Investment Adviser Brochure

September 2016

This brochure provides information about the qualifications and business practices of Wolf Group Capital Advisors. If you have any questions about the contents of this brochure, please contact Robert D. Len, Managing Director and Chief Compliance Officer. 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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Wolf Group Capital Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number; Wolf Group Capital Advisors' CRD Number is 111647.

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## **Item 2: Summary of Material Changes**

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### **Annual Update**

In this Item of Wolf Group Capital Advisors' (WGCA or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated September 9, 2015.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing, the Firm has had material changes to report.

- Mike Goodson, Chief Investment Officer is no longer with the Firm.

### **Full Brochure Available**

WGCA's Form ADV may be requested at any time, without charge by contacting Robert D. Len, Managing Director and Chief Compliance Officer, at 703.502.9500 or [blen@thewolfgroup.com](mailto:blen@thewolfgroup.com).

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## **Item 4: Advisory Business**

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Wolf Group Capital Advisors (WGCA or the Firm) is an investment adviser and provides investment advisory and financial planning services to individuals, high net worth individuals and trusts.

WGCA was founded in 1996, and is owned by Robert D. Len and Leonard S. Wolf.

### **Investment Advisory Services**

WGCA provides investment advice, and implements investment strategies for clients based on their individual circumstances. WGCA manages accounts on a discretionary (which means selection of investments will be made for the client without obtaining consent from the client prior to making a purchase or sale for the account) or non-discretionary basis, depending on the client's preference.

Through personal discussions, WGCA develops portfolios based upon a client's goals, objectives, investment time horizon and risk tolerance, as well as their core financial-related values. WGCA develops a brief written investment policy statement, including a detailed asset allocation, describing the investment goals and investment strategy.

WGCA uses asset allocation, or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; value vs. growth; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for client accounts. The types of securities purchased for client portfolios may include stocks, bonds, exchange traded funds and mutual funds. After reviewing the asset allocation with the client, the investment strategy will be implemented. Investment strategies generally include long-term and short-term purchases depending upon the individual needs of the client.

### **Financial Planning**

WGCA offers financial planning to clients, which includes an initial meeting with the prospective client to determine the scope of the service desired. Subsequently, a proposal is developed summarizing the issues to be addressed, the analysis to be performed and the fee for the financial planning engagement. The proposal also includes a list of information and items that WGCA requires to complete the financial plan.

Financial planning may include a review of all aspects of a client's current financial situation, including, but not limited to the following components; cash management, insurance planning, education planning, charitable giving, retirement planning, estate tax planning, and capital needs.

Financial plan recommendations are not limited to any specific product or service offered by a broker/ dealer or insurance company. With respect to estate planning, WGCA works closely with attorneys qualified to assist clients in the development of wills

and trusts. For insurance plans, WGCA works closely with qualified internal and external insurance professionals.

### **Tailored Relationships**

WGCA tailors investment advisory services to the individual needs of the client. The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. WGCA clients are allowed to impose restrictions on the investments in their account. WGCA may accept any reasonable limitation or restriction to discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to WGCA in writing.

### **Wrap Fee Programs**

WGCA is the both the sponsor and investment manager of the Separate Account Strategy Wrap Program (the Program). A “wrap-fee” program is one that provides the client with advisory and brokerage execution services for an all-inclusive fee. The client is not charged separate fees for the respective components of the total service.

WGCA provides investment supervisory services through the Program, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. WGCA, through its qualified Investment Adviser Representatives (IARs), will continuously manage client portfolios based on the individual needs of the client. All IARs hold all required licenses and/or qualifications. At the time of a client's initial investment in the program, an IAR will assist the client in determining the client's current financial situation, financial goals and objectives, and attitudes toward risk. This determination will allow the IAR to review the client's situation, and determine an appropriate asset allocation. Account supervision is guided by the stated objectives of the client. The Program may cost the client more or less than purchasing such services separately.

More detail on the Separate Account Strategy Wrap Program may be found in Form ADV Part 2A Appendix 1, available upon request.

### **Client Assets**

As of June 30, 2016, WGCA manages \$262,368,007 in assets. \$250,064,260 is managed on a discretionary basis, and \$12,303,747 is managed on a non-discretionary basis.

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

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WGCA bases its fees on a percentage of assets under management, hourly charges, and fixed fees, as described below.

## **Compensation – Investment Advisory Services**

The annual fees for investment advisory services are as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$499,999	1.50%
Next \$500,000	0.95%
Next \$1,500,000	0.85%
Next \$2,500,000	0.70%
Next \$5,000,000	0.60%
Next \$15,000,000	0.50%
Assets Above \$25,000,000	0.45%

The initial fee is calculated based upon the fair market value when the account is established, and prorated to the end of the current quarter. Thereafter, the fee is calculated quarterly in advance based upon the prior quarter-end account fair market values. Fees are prorated for cash flows greater than \$250,000 during each quarter. Fees may be prorated for the initial quarter. There is a minimum annual fee of \$1,500.

Investment advisory fees are typically debited directly from client accounts. Clients receive a billing invoice that provides the agreed fee percentage, the portfolio value on which the fee is calculated, and the amount of the quarterly fee.

## **Compensation – Financial Planning**

Fees for financial planning are generally fixed depending upon the complexity of the client's overall financial situation and the estimated number of hours to complete. WGCA and the client agree upon fees prior to the engagement of WGCA's services. Fees are negotiable and are fully disclosed in the client agreement. Total costs for financial plans may range from \$3,500 to \$7,500 or higher. There is no "typical" plan, as services are customized to the particular needs of the client. An initial deposit equal to one-half of the agreed upon fee is payable at the time of entering into an agreement, with the remaining balance due upon presentation of a completed plan to the client.

## **Advice on Matters Not Involving Securities**

WGCA may also provide advice on issues which do not involve advice related to securities. Fees are billed at an hourly rate of \$150 - \$450, and are negotiable and agreed upon between the client and WGCA prior to the start of the project. Such matters include, but are not limited to the following: budgeting, mortgage, asset acquisition, credit management, planning for various life events, e.g. marriage, divorce, children, etc.

## **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

## **Agreement Terms**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

For investment advisory services, any unearned fees will be refunded on a pro-rata basis at termination. For financial planning engagements, once the process begins, a portion of the initial deposit may or may not be refunded, with determination based upon the time spent and services rendered by WGCA up to the time of termination.

## **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

WGCA's fees for non-wrap accounts are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

WGCA's fees for wrap accounts include brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. See disclosure in the Form ADV Part 2A Appendix 1 for more information.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. A client could invest in a mutual fund directly, without the services of WGCA. In that case, the client would not receive the services provided by WGCA which are designed, among other things, to assist the client in determining which mutual funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the

funds and the fees charged by WGCA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

WGCA does not receive any portion of these commissions, fees, and costs.

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

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Neither WGCA nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

WGCA does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

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As described in Item 4, WGCA's clients include individuals, high net individuals and trusts.

### **Account Minimums**

WGCA requires a minimum account of \$500,000 for investment management services. Waivers or exceptions from the minimum account requirement may be granted at the exclusive discretion of WGCA.

WGCA may group certain related client accounts for the purposes of achieving the minimum account size.

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

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### **Methods of Analysis and Investment Strategies**

WGCA uses fundamental analysis in formulating investment advice. WGCA attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.



Investment strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

WGCA reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. WGCA may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. WGCA's investment approach constantly keeps the risk of loss in mind. Investors face 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 existing bonds 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 next year will not buy as much as a dollar today, 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 (i.e. interest rate). 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' 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.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WGCA or the integrity of WGCA's management. WGCA has no legal or disciplinary events to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities – Broker-Dealers**

WGCA is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

### **Financial Industry Activities – Futures and Commodities**

Neither WGCA nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Financial Industry Affiliations – Accountant or Accounting Firm**

Robert D. Len and Leonard S. Wolf are owners and officers of The Wolf Group (TWG), an accounting firm which provides tax planning advice and compliance services to individuals and business entities. TWG has formed a wholly owned subsidiary called Wolf Group Business Services (WGBS.) WGBS will provide corporate tax planning and compliance services to business entities with international interests. Wolf Group Capital Advisors (WGCA) may recommend WGBS to clients who have tax or accounting needs. Fees charged by TWG and WGBS are separate and distinct from the advisory fees charged by WGCA. WGCA clients are not obligated to use the services of TWG or WGBS. Robert D. Len and Leonard S. Wolf are the officers of WGBS.

### **Financial Industry Affiliations – Insurance Broker or Agent**

WGCA's Investment Adviser Representatives (IARs) may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. However at this time WGCA is currently not selling insurance products.

## **Other Investment Advisors**

WGCA does not recommend or select other investment advisors for its clients.

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

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WGCA employees must comply with a Code of Ethics (Code), which describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Robert D. Len, Managing Director and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of WGCA receive preferential treatment.

WGCA's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of WGCA's Code of Ethics by contacting Robert D. Len at 703.502.9500.

The Wolf Group, the affiliated accounting firm, has a policy that it will not provide accounting or audit services for any publicly traded or private company that issues securities. This policy is to ensure that there are no potential conflicts of interest or misuse of information.

## **Participation or Interest in Client Transactions – Personal Securities Transactions**

WGCA and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of WGCA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of WGCA's clients. In addition, the Code requires pre-clearance of certain transactions. Employee trading is continually monitored under the Code of Ethics, and designed to reasonably prevent conflicts of interest between WGCA and its clients.

## **Other Conflicts of Interest**

Directors, officers and employees have a duty to act in the best interests of WGCA clients at all times. As part of this duty, directors, officers and employees are prohibited from engaging in any transaction which involves an improper conflict of interest.

A “conflict of interest” exists when a person’s private interests interfere in any way with the interests of WGCA. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position in WGCA. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for an employee to work simultaneously for a competitor, customer or supplier. Employees are not allowed to work for a competitor as a consultant or board member. WGCA’s policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited unless they have been approved by WGCA. Wherever a conflict of interest arises, the employee involved must promptly disclose the circumstances of the conflict to the Chief Compliance Officer.

## **Participation or Interest in Client Transactions – Material Financial Interest**

Neither WGCA nor its employees recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest.

## **Participation or Interest in Client Transactions – Principal/Agency Cross**

It is WGCA’s policy that the Firm will not affect any principal or agency cross securities transactions for client accounts.

## **Item 12: Brokerage Practices**

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### **Research and Other Soft Dollar Benefits**

WGCA does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Directed Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

WGCA does not receive client referrals from broker/dealers.

### **Client Directed Brokerage**

While not routine, the client may direct WGCA to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be

requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and WGCA will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by WGCA. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to its duty of best execution, WGCA may decline a client’s request to direct brokerage if, in WGCA’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests WGCA to arrange for the execution of securities brokerage transactions for the client’s account, WGCA shall direct such transactions through broker-dealers that WGCA reasonably believes will provide best execution. WGCA shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

### **WGCA Brokerage Selection and Economic Benefits**

WGCA generally recommends either TD Ameritrade, a division of TD Ameritrade, Inc. or Schwab Institutional, both members FINRA/SIPC (Selected Broker/Dealers). Each firm is a widely recognized independent, and unaffiliated FINRA member broker-dealer. Selected Broker/Dealers offer independent investment advisers program services which include custody of securities, trade execution, clearance and settlement of transactions.

The primary factors considered in WGCA’s decision to recommend Selected Broker/Dealers include financial strength and the quality of the products and services it offers to clients.

WGCA has determined that Selected Broker/Dealers currently offer the best overall value to WGCA and its clients for the customer service, brokerage, research services and technology they provide. WGCA believes these qualities make these firms superior to most non-service oriented, deep-discount and internet/web based brokers that may otherwise be available to the public.

WGCA receives economic benefits from each Selected Broker/Dealer, which include the following products and services (provided without cost or at a discount): receipt of a 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 WGCA by third party vendors.

Some of the products and services made available by Selected Broker/Dealers may benefit WGCA but may not benefit its client accounts. These products or services may assist WGCA in managing and administering client accounts, including accounts not maintained at Selected Broker/Dealers. Other services made available by Selected Broker/Dealers are intended to help WGCA manage and further develop its business enterprise. The benefits received by WGCA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Selected Broker/Dealers. As part of its fiduciary duties to clients, WGCA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WGCA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence WGCA's choice of Selected Broker/Dealers for custody and brokerage services.

A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where WGCA determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. While WGCA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

#### **Directed Brokerage – Wrap Fee Programs**

As disclosed in Item 4, clients may participate in the Separate Account Strategy Wrap Program. For Wrap Fee accounts, WGCA receives investment advisory fees, which cover both investment advice and transaction costs. More detail on the Program may be found in Form ADV Part 2A Appendix 1.

Transactions are effected net, i.e., without commission and a portion of the investment advisory fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the Selected Broker/Dealer with which the client has entered into the wrap fee arrangement.

WGCA may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. WGCA's experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were

free to negotiate commissions and seek best price and execution of transactions for the client's account.

### **Trade Aggregation**

Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased security are then allocated to the appropriate accounts in the appropriate proportion. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity.

WGCA usually trades portfolio securities on an individual basis based on the clients profile, their needs and objectives. All security purchases into a client's portfolio occur on an individual basis. On occasion, WGCA may deem it to be appropriate to block trade the purchase or sale of a security from a client's portfolio if a reason to purchase or sell the security from all client portfolios at the same time presents itself.

As a result of WGCA not typically aggregating trades, clients purchasing securities around the same time may receive a less favorable price than other clients. In addition, not aggregating trades may result in higher transaction costs, as a client will not benefit from lower transaction cost which might be achieved if the trade was aggregated.

Accounts for WGCA or its employees WILL NOT be included in a block trade with client accounts.

### **Item 13: Review of Accounts**

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WGCA's Investment Policy Committee is comprised of Robert D. Len, Managing Director and Chief Compliance Officer; Charles Verruggio, Senior Financial Advisor; and Alex Rooney, Financial Analyst. Each Committee member, with the exception of Alex Rooney, is also a client account manager. The Committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the client service manager.

Each client is assigned a client service manager. The client service manager has the responsibility for communicating with the client, updating changes to the client's situation and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least 2 times a year.

## **Review Triggers**

Other conditions that may trigger a detailed review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's personal situation.

## **Reporting**

Clients receive a quarterly report from WGCA including an account appraisal that identifies the current positions as of the reporting date, amount owned current value, capital contributions and withdrawals, and percentage weighting within the portfolio of each security. A performance summary is also provided for the portfolio during the most recent quarter, year-to-date, and since inception.

Each month, the custodian provides clients with an account statement for each client account, which includes individual holdings, deposits and withdrawals, accrued income, dividends, and performance. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

## **Financial Planning – Reviews and Reporting**

The initial financial plan is included as a component of the financial planning service. Clients may receive updated financial plans for a separate fee.

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

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### **Other Compensation**

WGCA does not receive any formal economic benefits (other than normal compensation) from any firm or individual for providing investment advice.

### **Other Compensation – Brokerage Arrangements**

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals**

WGCA does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

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### **Custody – Fee Debiting**

The client agreement authorizes WGCA to deduct advisory fees directly from the client's account at the custodian. WGCA sends the amount of the quarterly fee to the



custodian. With the exception of the ability to debit client accounts for advisory fees, WGCA does not and will not have custody of clients' funds or securities. Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the client and WGCA.

The custodian is advised in writing of the limitation of WGCA's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to WGCA.

### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the reports that WGCA provides. WGCA reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

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WGCA may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows WGCA to execute trades on behalf of clients.

When such limited powers exist between the WGCA and the client, WGCA has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, WGCA may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to WGCA in writing.

If WGCA has not been given discretionary authority, WGCA consults with the client prior to each trade.

## **Item 17: Voting Client Securities**

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WGCA does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios.

If requested, WGCA may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Robert D. Len, Managing Director and Chief Compliance Officer, at 703.502.9500 for information about proxy voting.

## Item 18: Financial Information

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WGCA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

WGCA does not require prepayment of fees of both more than \$1,200 per client, **and** more than six months in advance; and therefore is not required to provide a balance sheet to clients.

# **Wolf Group Capital Advisors**

## **Form ADV Part 2B**

### **Investment Adviser Brochure Supplement**

**Supervisor: Robert D. Len**

**Supervisor of:**  
Leonard S. Wolf  
Charles Verruggio  
Frances Fang  
April Turch

**September 2016**

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Wolf Group Capital Advisors' brochure. You should have received a copy of that brochure. Please contact Robert D. Len, Managing Director and Chief Compliance Officer, if you did not receive Wolf Group Capital Advisors' brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each Supervised Person.

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[blen@thewolfgroup.com](mailto:blen@thewolfgroup.com)  
[www.thewolfgroup.com](http://www.thewolfgroup.com)

## Educational Background and Business Experience

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WGCA requires that portfolio managers, financial planners, and persons associated with WGCA involved in providing investment advice to clients possess, minimally, a college degree and appropriate business experience. Investment adviser representatives must be properly licensed and registered in the appropriate jurisdictions. Continuing education in the employee's field of expertise is encouraged. Employees are required to have exemplary personal and regulatory backgrounds and read and uphold the policies and procedures of WGCA.

### **Supervised Persons**

**Robert D. Len**  
CRD# 2847676

**Born: 1963**

#### **Education:**

BS Commerce/Accounting, University of Virginia, McIntire School of Commerce  
MS Taxation, Georgetown University

#### **Business Background:**

Wolf Group Capital Advisors 1996 – Present  
Managing Director and Chief Compliance Officer

The Wolf Group, PC 1988 – Present  
Director

#### **Professional Designations and Licenses:**

Certified Public Accountant /Personal Financial Specialist (CPA/PFS)

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**Leonard S. Wolf**  
CRD# 2843340

**Born: 1955**

#### **Education:**

BS Accounting, Pennsylvania State University

#### **Business Background:**

Wolf Group Capital Advisors 1996 – Present  
Director

The Wolf Group, PC 1983 – Present  
Managing Director

#### **Professional Designations and Licenses:**

**Charles Verruggio**  
CRD# 4203594

**Born: 1978**

**Education:**

BS Psychology and Business, University of Pittsburgh  
MBA Finance and Accounting, Carnegie Mellon University

**Business Background:**

Wolf Group Capital Advisors Senior Financial Advisor	2012 – Present
Allegheny Financial Group Financial Analyst	2010 – 2012
RCL Advisors Investment Consulting Manager	2008 – 2009
Bloomberg Equity Researcher	2007– 2008
Lenox Advisors Financial Planning/Asset Management Associate	2005 – 2007

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**Frances Fang**  
CRD# 6121777

**Born: 1969**

**Education:**

BA Accounting, Loyola University Maryland  
Certificate in Financial Planning, Georgetown University

**Business Background:**

Wolf Group Capital Advisors Portfolio Operations Specialist	2012 – Present
The Wolf Group Tax Specialist	2011 – 2012
Frances Fang, CPA Business Consultant	2002 – 2011

**Professional Designations and Licenses:**

Certified Public Accountant, (CPA)  
CFP- Certified Financial Planner ®

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**April Turch**  
CRD# 3233895

**Born: 1972**

**Education:**

BS Finance, George Mason University  
Certificate in Financial Planning, Georgetown University

**Business Background:**

Wolf Group Capital Advisors Operations Manager	2015 – Present
Focus Wealth Management, LTD Director of Operations	2011 – 2015
RiverCross Partners Operations Manager	2007 – 2011

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**Professional Certifications**

WGCA's supervised persons maintain professional designations, which required the following minimum requirements:

**CFP - Certified Financial Planner**

**Issued by:** Certified Financial Planner Board of Standards, Inc.

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA

- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** 30 hours every 2 years

### **CPA – Certified Public Accountant**

**Issued by:** State Boards of Accountancy

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA);
- Successful passing of the Uniform CPA Examination

**Educational Requirements:**

- At minimum, a college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting);

**Examination Type:** Uniform CPA Examination

**Continuing Education/Experience Requirements:** Completion of 40 hours of continuing professional education each year (or 80 hours over a two year period) in order to maintain a CPA license

### **PFS – Personal Financial Specialist**

**Issued by:** American Institute of Certified Public Accountants (AICPA).

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Must hold an unrevoked CPA license;
- Fulfill 3,000 hours of personal financial planning business experience;
- Complete 80 hours of personal financial planning continuing professional education credits;
- Pass a comprehensive financial planning exam (PFS Exam); and
- Be an active member of the AICPA

**Educational Requirements:** Must meet minimum education requirements for CPA.

**Examination Type:** PFS Exam

**Continuing Education/Experience Requirements:** Completion of 60 hours of financial planning continuing professional education credits every three years

## Disciplinary Information

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Neither WGCA nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

## Other Business Activities

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above. These Outside Business Activities do not create a material conflict of interest with clients.

As disclosed in Form ADV Part 2A Item 5 – Fees and Compensation, neither WGCA nor any Supervised Persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

As disclosed in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations, Robert D. Len and Leonard S. Wolf are owners and officers of The Wolf Group (TWG), an accounting firm which provides tax planning advice and compliance services to individuals and business entities. TWG has formed a wholly owned subsidiary called Wolf Group Business Services (WGBS.) WGBS will provide corporate tax planning and compliance services to business entities with international interests. Wolf Group Capital Advisors (WGCA) may recommend WGBS to clients who have tax or accounting needs. Fees charged by TWG and WGBS are separate and distinct from the advisory fees charged by WGCA. WGCA clients are not obligated to use the services of TWG or WGBS. Robert D. Len and Leonard S. Wolf are the officers of WGBS.

As disclosed in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations, WGCA's Investment Adviser Representatives (IARs) may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. However at this time WGCA is currently not selling insurance products.

## Additional Compensation

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No Supervised Person receives any economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts.



## Supervision

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Robert D. Len, WGCA's Managing Director and Chief Compliance Officer, is the person responsible for supervising WGCA's advisory activities and managing WGCA's team of Supervised Persons. Supervision is done by holding regular staff, investment and other ad hoc meetings. Robert D. Len regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports.

Supervision also includes investment policy committee meetings, compliance meetings, and staff meetings, as well as a quarterly evaluation process. In addition, Robert D. Len has daily and/or weekly interaction with each Supervised Person in person and by email.

Robert D. Len can be reached at 703.502.9500.