

# **Windward Private Wealth Management Inc.**

## **Brochure Disclosure**

**March 29, 2011**

**This brochure provides information about the qualifications and business practices of Windward Private Wealth Management Inc. If you have any questions about the contents of this brochure, please contact us at 913-381-7411. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**You may contact us in the following manner: Darrell Richard Tierney, President, 10955 Lowell Avenue, Suite 410, Overland Park KS, 66210; telephone number (913) 381-7411; e-mail: [dtierney@windwardfp.com](mailto:dtierney@windwardfp.com)**

## **Item 2           Material Changes**

This brochure contains amendments to our prior Form ADV, Part II disclosures based on changes to the requirement disclosures in Form ADV, Part 2. The changes represent additional disclosures resulting from the new requirements and not material changes from our operations, management or practices.

## **Item 3           Table of Contents**

Item 2	Material Changes .....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
	Description of Firm .....	3
	Advisory Services Offered.....	3
	Miscellaneous.....	4
	Meeting Individual Needs of Clients.....	4
	Wrap Fee Programs .....	4
	Amount Client Assets Managed.....	4
Item 5	Fees and Compensation.....	4
	Fees, Compensation and Methods of Payment .....	4
	Compensation from the Sale of Products .....	5
Item 6	Performance-Based Fees and Side-By-Side Management.....	5
Item 7	Types of Clients.....	5
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	5
	Methods of Analysis.....	5
	Investment Strategies.....	6
Item 9	Disciplinary Information .....	6
Item 10	Other Financial industry Activities and Affiliations .....	6
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	7
	Code of Ethics .....	7
	Participation or Interest in Client Transactions.....	7
	Personal Trading .....	7
Item 12	Brokerage Practices.....	8
	Other Brokerage Practices .....	8
	Trade Aggregation.....	9
Item 13	Review of Accounts .....	9
Item 14	Client Referrals and Other Compensation.....	9
Item 15	Custody.....	9
Item 16	Investment Discretion.....	10
Item 17	Voting Client Securities .....	10
Item 18	Financial Information .....	10

## **Item 4          Advisory Business**

### **Description of Firm**

We render investment management services and wealth management services. By combining our advice to clients in rendering investment management services with a wealth management plan, we strive to meet your individual needs as having a better understanding of your overall financial situation. We have been assisting clients since 1999.

Our principal owner is Darrell R. Tierney. Further information regarding Mr. Tierney is contained in the Brochure Disclosure Supplement, accompanying this Brochure Disclosure

### **Advisory Services Offered**

We provide our clients investment advisory and private wealth management services. The creation of a wealth management plan allows for the implementation of our clients' investment objectives, in a portfolio managed by us on a discretionary basis.

The advisory services we offer may be outlined as follows:

- Preparation of an integrated or segmented, wealth management plan. The plan may be prepared at the outset or over time, and includes such aspects of your financial situation as you desire and request.
- Assistance with implementation of plan recommendations by advising you on the best methods and means to implement the plan recommendations through insurance, investments, estate planning, legal advice, tax and accounting assistance, and similar items.
- Development of investment objectives, an investment plan (asset allocation plan) and an investment policy statement after consultation with you as to your financial situation, objectives, needs and desires.
- Recommendation of specific investments to implement your asset allocation plan in your portfolio.
- Establishing an investment account for the implementation of our recommendations and implementing the recommended investments on your behalf.
- Supervision of your investments according to our internal review criteria and your own financial needs.
- Account reviews for consistency with investment objectives and asset allocation strategies.

- Annual meeting to monitor changes in external factors and your own circumstances, progress toward goals, investment performance, asset allocation, and individual investment performance.
- Plan updating as required.

### **Miscellaneous**

We maintain a Business Continuity and Succession Plan in the event of loss of person or property. A copy of this plan may be obtained by sending a written request to Darrell R. Tierney, Chief Compliance Officer, Windward Private Wealth Management Inc., 10955 Lowell Avenue, Suite 410, Overland Park KS, 66210; telephone number (913) 381-7411; e-mail: dtierney@windwardfp.com.

### **Meeting Individual Needs of Clients**

Our investment advice centers on meeting the individual needs of our clients. By developing an individualized investment plan (asset allocation plan) upon the initial engagement with you and updating it thereafter, we have the basis and information by which we may manage accounts to your individual needs.

### **Wrap Fee Programs**

We do not participate in any wrap fee programs.

### **Amount Client Assets Managed**

As of March 3, 2011, we managed \$74,500,897 of assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Fees, Compensation and Methods of Payment**

For our advisory services, we apply a 1% annual fee against all assets under management. The fee is calculated based on the fair market value of the assets as set forth on the account statements provided by the custodian, broker-dealer. In your agreement with us, you authorize us to deduct fees from your account upon presentation of an itemized invoice to the custodian, broker-dealer. You receive notice of the fee deduction on the account statements delivered by the broker-dealer.

Fees are payable quarterly, in arrears. If an agreement is effective for less than a calendar quarter, the fees are prorated for the period that the agreement is in effect. Payments are due on the first day of each calendar quarter. Either party may terminate the agreement with 30 days prior written notice. Fees are negotiable, based on the scope and complexity of engagement.

## **Compensation from the Sale of Products**

We do not receive any compensation from the sale of investment products. We do not sell investment products, and transactions are executed through independent third parties under separate agreements.

We receive no other fees or compensation. Our compensation is solely from the rendering of investment advice to you.

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

We do not accept performance based fees.

## **Item 7 Types of Clients**

We provide investment advice to individuals, pension and profit sharing plans, trusts, and estates.

We may require a minimum value of assets of a client before entering into an agreement with a client. The required minimums vary from time to time depending on the number of clients and the nature and extent of operations being experienced by us, along with the type of account. In very limited instances, minimum account requirements may be waived. Additionally, we may limit the aggregate number of clients and the aggregate amount of assets under management, from time to time, to assure that sufficient resources are devoted to assets under management.

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

### **Methods of Analysis**

Our methods of analysis are based, in part, on the concept called Modern Portfolio Theory, described in 1952 by Harry Markowitz. The concept utilizes the combination of asset classes to form a diversified asset allocation. An asset class refers to an investment that shares common financial characteristics. Examples of various asset classes include large and small common stocks, government bonds, cash equivalents, real estate and international stocks. We believe that your asset allocation is the greatest determinant of your portfolios performance.

To arrive at an investment plan (asset allocation) suitable for you, we first use a mathematical software program called a portfolio optimization program, which suggests the asset classes and the percentage weighting of each asset class for your specific portfolio. The program arrives at the asset allocation based on your financial objectives, time horizons, tax situation and risk tolerance. Using this asset allocation and additional information obtained from you, we develop an investment policy statement for you that details the asset allocations by asset class and their target percentage weightings. This investment policy statement is then further revised according to your own individual needs and desires as articulated to us.

## **Investment Strategies**

Approximately every ten business days, we compare the actual portfolio asset class values to the target asset allocation percentage weightings. These asset class values are allowed to vary within a predefined range from the target asset class percentage weightings. If portfolio values vary outside the target ranges, rebalancing back to the asset allocation target range is considered. We carefully set these target ranges for variances to capitalize opportunistically on market fluctuations while minimizing trading and income tax costs. Our goal is to “look frequently, while trading infrequently.”

In selecting individual investments, we review the underlying characteristics of the investments including performance data, volatility, valuation metrics, operating expenses, tax efficiency, index tracking errors, fund assets under management and underlying holdings. The primary risk of this investment strategy is that we are analyzing historical data. There is a time lag in reporting this data and it may not reflect future performance of the investment.

We also review the valuation of a portfolio in comparison to historical valuation metrics. Determining any valuation proves difficult and oftentimes beyond rational determination, causing risks resulting from inaccurate determinations of value and predictions of market cycles.

We generally implement the asset allocation through exchange traded funds (ETF's), no-load mutual funds, certificates of deposit, money market accounts and U.S. government bonds. We select and monitor the investment products using a web-based research database and our proprietary model. We rely on the accuracy of our research database without our independent verification of the database, and some risk may exist as to the accuracy of the data base.

Investing in securities involves risk of loss that you should be prepared to risk. Our method of analysis heavily depends on making the appropriate asset allocation for your specific investment needs, objectives and desires, which may or may not be difficult to determine and define. Accordingly, this method of analysis may result in an analysis of your investment needs, objectives and desires which may result in an allocation involving higher or lower risks and returns than you might desire. It requires an acute analysis and candor about your objectives, needs and desires, along with your understanding of the attendant risks.

### **Item 9           Disciplinary Information**

No legal or disciplinary events exist regarding us.

### **Item 10          Other Financial industry Activities and Affiliations**

Neither our firm nor our investment advisor representatives have any other financial industry activities or affiliations. We are affiliated with an accounting firm.

Darrell R. Tierney is the sole proprietor of Darrell R. Tierney CFP CPA, an accounting firm. Mr. Tierney owns 100% of that firm. We share offices with Darrell R. Tierney CFP

CPA. This accounting firm subcontracts with our firm for the personnel and operating needs of the accounting firm. A substantial number of our clients engage Darrell R. Tierney CFP CPA to render tax, accounting, or business consulting services.

A potential conflict of interest may exist in the potential for us to favor accounting clients of Darrell R. Tierney CFP CFA over clients who are not accounting clients in rendering investment advisory services. We attempt to minimize any potential conflict of interest in the manner of our operations and investing. First, a substantial number of advisory clients are tax clients of Mr. Tierney. Secondly, the method by which we render investment advice according to the client's needs substantially eliminates any potential to favor tax clients. We allocate assets according to each individual client's investment objectives. We also use ETF's and mutual funds as the investment vehicles that have minimum potential for preferential treatments.

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

### **Code of Ethics**

We adhere to a Code of Ethics regarding our associated person's conduct in securities transactions. The Code of Ethics requires periodic personal securities transaction reports be sent to the Chief Compliance Officer for his review. Certain investments are not subject to these reporting requirements such as government securities, certificates of deposit, commercial paper, bankers' acceptances, money market funds, open-end mutual funds and unit investment trusts that are invested exclusively in open-end funds.

These policies prohibit certain transactions, including without limitation, transactions with clients and insider trading. They govern the conduct of our affiliated persons in furtherance of the best interests of clients. Copies of these policies are available upon request to Darrell R. Tierney, Chief Compliance Officer, 10955 Lowell Avenue, Suite 410, Overland Park KS, 66210; telephone number (913) 381-7411; e-mail: dtierney@windwardfp.com.

Our associated persons may invest in securities recommended to clients. Client transactions are executed first assuming similar investment objectives at the same time.

### **Participation or Interest in Client Transactions**

Our Code of Ethics prohibits us and our associated persons from recommending transactions in which we may have or have a financial interest. We are generally prohibited from conducting business with clients other than in the ordinary course of business.

### **Personal Trading**

Our associated person may buy and sell securities that are also recommended to clients. We execute client transactions first and further based on a discretionary measure of fairness.

## **Item 12      Brokerage Practices**

We maintain discretionary authority to determine the security, amount of security, broker-dealer and the commission rates paid depending on the particular arrangements with any client. The determination of security and the amount is limited by your needs, goals and objectives. Any further limitations must be in writing and submitted by you to us. We follow your investment policy statement developed by us for you in making these investment decisions.

Our clients place their accounts with the custodian, broker-dealer, and we assist our clients as requested. We do not restrict you to the custodian, broker-dealer we suggest but allow you to choose the entity you desire to use.

We execute transactions primarily through the custodian for the account who then acts as the broker-dealer. We strive to execute securities transactions for clients in such a manner that the total account costs are the most favorable under the circumstances.

We use and suggest custodian, broker-dealers to clients and inform them about certain available entities to perform these services. We select and suggest entities considering the full range and quality of services, including execution quality, account access and information, rates, overall fees and account costs and prior experience, responsiveness, service, reputation, honesty, integrity and financial stability of the custodian, broker-dealer, among other possible factors. We also consider the administrative ease to service client accounts in using or suggesting any entity.

On the outset of the relationship with any custodian, broker-dealer, we strive to negotiate the best arrangement for our clients, with the most favorable overall account costs and the best qualitative execution. After the custodial relationship is established, account costs, including execution costs, are charged according to the negotiated schedule. We also consider the ease and efficiency of having client transactions and assets at one custodian.

We have adopted various policies and procedures for our order execution review. We review order execution on a systematic basis. This periodic review covers the same factors considered in initially selecting the custodian, broker-dealer, such as the full range and quality of services, execution compatibility, account access and information, rates, overall fees, account costs, and prior experience, responsiveness, service, reputation, among other possible factors. In particular, we review our past experience and relationship with the custodian, broker-dealer.

### **Other Brokerage Practices**

We refrain from various other brokerage practices, including participating in any soft dollar arrangements, paying brokers commissions in exchange for client referrals, and allowing clients to direct the execution of brokerage transactions to any particular broker. In our view, we may best recommend the broker-dealer to execute any transaction for you.



In certain limited instances, however we may allow a client to direct us to use a broker-dealer other than as recommended by us. However in such instances we may be unable to negotiate best qualitative execution and review the broker-dealer's qualifications. In such an instance, the client may pay higher account costs and receive inferior service.

### **Trade Aggregation**

In executing substantially identical orders, we may group orders of several clients together for execution. Client accounts remain individually managed according to each client's needs, but if transactions are advisable for a number of accounts at the same time, the orders for the transactions may be grouped together. By grouping these orders, we intend that a better execution and price be achieved with the broker-dealer having a larger order to work. However, trade aggregation may or may not result in reduced costs and better prices. Especially with mutual fund and ETF orders, trade aggregate has minimum consequences on price and costs, if any.

In grouping orders for execution, the trades are allocated to accounts in advance of the others being placed. All accounts are treated the same insofar as costs are shared on a pro rata basis if applicable. However, reduced costs may not be achieved by grouping orders together. Among other reasons, minimum charges may apply when the individual orders are allocated back into client accounts.

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

We review client portfolios in their entirety initially and monthly, thereafter. Significant changes in client's personal circumstances, the general economy, market valuations, tax laws or the client's investment objectives may trigger more frequent reviews. Darrell R. Tierney, President of the firm, and Marian S. Doran, Investment Research Analyst, review approximately 300 accounts. A client's portfolio strategic asset allocation is reviewed annually to make sure it continues to achieve the stated objectives.

We provide quarterly reports to clients. Reports show current positions as of quarter-end, internal rate of return for the year-to-date period, net of management fees, consolidated positions and cash flow for the year-to-date period, management fee invoice, portfolio reconciliation and capital gains and losses for the year-to-date period.

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

We do not pay compensation for client referrals.

### **Item 15      Custody**

We do not maintain custody of client assets or securities.

**Item 16 Investment Discretion**

We manage client accounts on a discretionary basis. Before exercising discretionary authority, our clients enter into our investment management agreement, by which they grant us a limited power of attorney to execute securities transactions on their behalf.

**Item 17 Voting Client Securities**

We decline any responsibly to vote client securities. All proxies received are forwarded to clients.

**Item 18 Financial Information**

Based on our operations and status, we are not required to provide financial information.