

# **Willink Asset Management LLC**

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## **Part 2A of Form ADV**

### **Item 1 - Firm Brochure Cover Page**

This brochure provides information about the qualifications and business practices of Willink Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (877) 655-0097 toll-free or (716) 655-0097 or by email at [fredfadel@willinkservices.com](mailto:fredfadel@willinkservices.com). 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. References within this brochure to Willink Asset Management LLC being a registered investment advisor or registered investment advisory firm do not imply a certain level of skill, training or accreditation.

Additional information about Willink Asset Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**June 1, 2014**

## **Item 2 - Material Changes**

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### **Annual Update**

The Material Changes section of this Willink Asset Management LLC Form ADV Part 2 and Brochure Supplement, collectively referred to as the Firm's Disclosure Document, is updated annually or whenever prompted to do so by material changes that have occurred or will occur since the most recent previous updating.

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### **Material Changes Since the Last Update**

Since its last Disclosure Document filing on January 25, 2014, Willink Asset Management LLC has implemented noteworthy policy and/or procedural changes relative to its investment advisory practice. These changes have been deemed by the Firm's Chief Compliance Officer to constitute Material Changes which merit amending the Firm's Disclosure Document and forwarding of notifications of those changes to its clients, in keeping with regulatory requirements.

Accordingly, our clients are herein advised of the following material changes which have been implemented by Willink Asset Management LLC since its last Form ADV amendment filing:

Effective with a June 2014 Form ADV amendment filing and contingent upon SEC acceptance of that filing, registration of the advisory firm is being amended from state registration with the State of New York, its principal place of business, to federal registration with the SEC and subject to SEC direct oversight. In conjunction with that filing, Willink Asset Management LLC is also registering to conduct its investment advisory business in the State of California.

### **Item 4 – Advisory Business**

Brokerage services provided to advisory clients by the Schwab custodial platform are stand-alone in nature and not offered as a component of the Wrap Services provided by Willink Asset Management LLC.

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### **Full Brochure Available**

While the above summary is being provided to clients to make them aware of recent Material Changes, a copy of our complete Disclosure Document, Form ADV Part 2, for Willink Asset Management LLC is available upon request. Under current regulations, a Brochure Supplement, Form ADV Part 2B, outlining the history and qualifications of our advisors, may be offered as a separate document. Willink Asset Management LLC, however, has elected to incorporate its Parts 2A and 2B into a single, but segregated document. If you would like to receive a copy of our Disclosure Document and Brochure Supplement, please contact us by telephone at (877) 655-0097 toll-free or (716) 655-0097 or by email at [www.willinkadvisor.com](http://www.willinkadvisor.com).

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Frederick R. Fadel, CFP®**

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## Item 4 - Advisory Business

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### Firm Description

Willink Asset Management LLC, hereinafter referred to as WAM or the Firm, began operations on February 22, 2001 under the name Frederick Raymond Fadel Advisors, as a Registered Investment Advisory firm registered with the Securities and Exchange Commission (SEC). The Firm was later renamed Willink Asset Management LLC and reregistered with the State of New York in compliance with amended regulations. Due to continued growth of the Firm, commencing with its Form ADV amendment filing in June 2014, WAM is once again registering as an SEC-registered advisory firm, subject to direct oversight by the SEC. In conjunction with its SEC registration, the Firm has also submitted a notice filing which permits it to conduct advisory business in the State of California, in compliance with that state's registration requirements. WAM is a privately-held limited liability company whose sole owner is Frederick R. Fadel.

WAM provides personalized confidential financial planning, asset management and related consulting services to individuals, high net worth individuals, pension and profit sharing plans, trusts, charitable organizations and small businesses. Recommendations to clients are made based on consultation with the client and analysis of each client's specific financial needs and may include the following services:

Determination of financial objectives	Identification of financial problems
Cash flow management	Tax planning of a general nature
Insurance review	Investment management
Education funding	Retirement planning
Estate planning	

WAM is a fee-only investment advisory firm which does not directly utilize the services of any FINRA-member securities broker/dealer in the conduct of its advisory business. Investment advisory services are provided to clients on a discretionary basis only and WAM does not act as the custodian of client assets. Instead, custody of advisory client accounts is maintained at either TD Ameritrade Institutional, hereinafter referred to as TDA, or at Charles Schwab & Co., hereinafter referred to as Schwab, both of which are FINRA and SIPC member firms and FDIC-insured depository institutions in their own rights. Both also satisfy the SEC criteria as qualified custodial firms and execute all trading activities for WAM's advisory clients.

WAM may, to better serve specific client needs, elect to use the services of other custodians as well, at its discretion. The clients always maintain control of their assets but authorize WAM to transact trades on their behalf, without prior consultation, by the discretion authorizations contained in their advisory agreements.

A written evaluation of each client's initial situation is developed by the advisor and the results provided to the client, often in the form of either a Net Worth Statement or

Investment Policy Statement, which forms a baseline document for the client relationship. These Statements record the client's personal information, current income sources and assets, health status, credit standing, business-related issues, risk management and contingency planning desires, along with their personal tolerances for various types of investment risk. Periodic reviews with each client are conducted at least annually to monitor portfolio performance and to provide reminders of the specific courses of action that need to be taken relative to the client's stated goals. More frequent reviews by the advisor may occur but written summaries of these review meetings are not necessarily provided unless deemed necessary by the advisor and/or immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client or WAM, on an as-needed basis. Conflicts of interest will be immediately disclosed to the client in the unlikely event they should occur. The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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**Conflicts of Interest**

As fiduciaries, registered investment advisors have an obligation to disclose to clients any conflicts of interest, real or perceived, that might exist as a result of any activities they may engage in above and beyond the service provided exclusively to their advisory clients.

Investment Advisor Representatives (IARs) of WAM may be licensed at a state level as either insurance consultants or agents/brokers but are only permitted by the Firm to provide insurance advice to clients and/or assist them in the implementation, monitoring and management of insurance and annuity products available to them, thus avoiding any real or perceived conflicts of interest in this area of business. IARs are not permitted to receive or retain any commissions, including incidental ongoing renewal commissions, which could otherwise be paid to them by insurers. Further, they are prohibited from holding themselves out to the public as providers of insurance products and from receiving any form of direct or indirect compensation resulting from the referral of advisory clients to outside insurance agents or brokers to address their insurance needs.

For clients requiring insurance products for which non-commissioned products or otherwise suitable options are not available, WAM will provide the client with referrals to at least two unrelated insurance brokerage firms through which the clients may, at their sole discretion, implement WAM's recommendations through the purchase of appropriate commission-based insurance products. As stated above, WAM does not share in any subsequent insurance-generated commissions received by those brokerage firms nor is it compensated in any manner by the firms whose names have been provided to clients. Further, clients of WAM are advised that they are under no obligation to implement insurance transactions through the referred firms.

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**Principal Owners**

The principal owner of WAM is Frederick R. Fadel, CFP®, who retains 100% ownership interest in the Firm.

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**Types of Advisory Services**

Within its Wrap Services program, WAM offers several levels of advisory services to its clients – financial planning or consultative services and ongoing investment management services, also referred to as asset management services. All clients have these services available to them but may elect to use only some aspects of the services offered.

Financial planning services are provided to clients as a strategic tool to assist them in pursuing both short and long range financial goals. This is accomplished through a process of collecting client information about the client's current financial condition, clarification of their goals, identification of their past efforts and current abilities in pursuit of their goals and ongoing progress reviews relative to any actions taken. If deemed appropriate by the advisor, a written financial analysis and action plan will be prepared as key components of a client's financial planning process. Asset management services may be retained, at the client's discretion, as the implementation phase of their financial plan or as a stand-alone service.

On more than an occasional basis, WAM furnishes consulting services to clients on matters not necessarily involving securities, such as taxation, trust management and estate planning. In these areas, however, the Firm does not act in the capacity as a tax or legal advisor to its clients.

Asset management services may entail longer term buy and hold techniques, periodic rebalancing to bring asset allocations back to specified targets, and, on a limited basis, shorter term trading of securities if deemed by the advisor to be consistent with clients' suitability profiles. The Firm's management services typically also include furnishing of investment advice through consultations with clients, issuing periodic newsletters or special reports to its clients about securities and market conditions or trends and evaluating securities held by clients to foster an understanding of their assets relative to their stated goals and objectives.

Services to clients will vary based upon specific needs, portfolio size and specific goals. However, regardless of the type of service provided, each of WAM's clients will participate in some or all of the following phases of establishing financial objectives and defining planning issues:

- Identify and characterize assets available to produce income and growth (e.g. capital market assets, pensions, government programs, business interests, real estate holdings, etc.).
- Identify financial goals and other issues of importance to the client(s) (e.g. estate preservation, business succession, charitable interests, dependent special needs, etc.).



- Identify income tax issues including, but not limited to, implications for the client(s) current portfolio(s).
- Identify priorities, timetables and acceptable trade-offs among multiple goals.
- Discuss and confirm client expectations for the growth of capital, preservation of principal, and provision of income from the portfolio, and other assets and resources.
- Confirm the client(s) understanding and appreciation of the advisor's views on various planning and investment principles, strategies and performance measurements.
- Identify and discuss the applicability of general legal, tax and insurance strategies along with contingency planning in the face of possible uncertainties.

In addition to the above, clients who elect to engage the Firm for ongoing asset management services may participate in some or all of the following aspects of establishing an investment policy and long-term strategy for their investment portfolio(s):

- Identify and discuss the client(s) views of the capital markets, investment principles and strategies and reconcile their views with those of the advisor.
- Establish a schedule of anticipated contributions to and/or spending demands on the portfolio(s).
- Discuss client(s) experiences with downside volatility, temporary or permanent loss of capital lasting more than six months and their general understanding of potential long-term risks (e.g. loss of purchasing power and/or terminal loss of investment principal).
- Clarify with client(s) the meaning and impact of key investment terminology such as short-term, medium-term and long-term with respect to portfolio performance expectations.
- Evaluate and select a given range of desirable and separately acceptable portfolio returns for their given risk tolerances.
- Foster the client(s) understanding of meaningful return objectives within nominal, after-tax, inflation-adjusted and goal-fulfilling contexts.
- Determine the percentage of capital to be allocated to the long-term diversified portfolio which will be guided by investment policy allocation along with any capital to be allocated to investments which will not be guided by the client's investment policy.
- Identify constraints on the portfolio(s) such as heirloom positions not to be traded, undesirable companies (e.g. alcohol, tobacco, firearms) or management of embedded taxable gains.
- Establish the protocols for investment policy review, reporting requirements and ongoing adjustments to the portfolio(s).

In response to a client's adopted investment policy, investible assets and surplus cash flow will be allocated among asset classes and vehicles that, in the advisor's opinion, are likely to add value. Lower cost, lower turnover investment options will be used in

efforts to capture desirable aspects of the capital markets. Individual stocks and some traditionally-managed mutual funds may also be used to address a client's desire for more speculative strategies when, in the advisor's opinion, these vehicles can be utilized without undermining a client's financial planning goals or overall investment policy.

The impacts of inflation, transactional expenses and tax ramifications are given periodic consideration relative to each client's investment policy and overall asset management strategies. On a client-by-client basis, a protocol is established for the investment of cash and/or for the transition from existing portfolio positions to new or changing target allocations. Investments are evaluated by the advisor on an ongoing basis for a range of suitability criteria including, but not limited to, historical risk and reward, expected long-term performance, implications for portfolio diversification, expenses and fund management structures. The advisor's investment recommendations are presented to clients through written and/or verbal communications.

All client portfolios are subject to monitoring by the advisor with the potential for periodic rebalancing of portfolio holdings. Such actions, when undertaken, serve to maintain holdings within the constraints of the client's investment policy. At least annually, a review of each client's investment policy is conducted to determine if their policy, and subsequent investment strategies and vehicles, require adjustments in response to such things as changes in client goals, timeframes, risk tolerances and/or tax considerations. In addition, ebbs and surges in equity and bond markets generally result in disproportionate asset allocations which must be rebalanced to maintain consistency with an unchanged investment policy. However, rebalancing of taxable accounts will be tempered by consideration of the tax implications of re-balancing back to target allocations.

The Firm is compensated for its various services to clients through a consolidated services fee schedule which is predicated on a wholistic approach and the Firm's fiduciary responsibility in the management of client assets. Clients grant the Firm discretionary powers, which permit the execution of transactions on the clients' behalfs without consulting with or obtaining consent from them in advance of the transactions. As stated above, this authorization is granted in the advisory agreements initially signed by the clients.

As of June 1, 2014, WAM had approximately \$25.50 million in assets under its management for fifty-six (56) advisory clients, all with full discretionary authorization. No assets are under management on a non-discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment strategies are then created that reflect the stated goals and objectives of each client. Clients may impose restrictions on investing in

certain securities or types of securities. Any such restrictions must be submitted to the Firm in writing at the time the client enters into an advisory relationship.

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**Types of Agreements**

Prior to engaging WAM's services, clients are required to sign an agreement which defines the services that will be provided by the Firm. The following agreements define the typical client relationships between WAM and its clients. Agreements may not be assigned or transferred to parties other than the original clients entering into the agreements. Since WAM does not maintain custody of client assets, however, separate agreements may also need to be executed between custodial firms and the client, in addition to the agreements of the Firm described below. Since neither WAM nor its advisors act as attorneys or accountants, their recommendations under these agreements should not be interpreted as legal or tax advice.

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**Financial Planning and Consulting Services**

Clients electing to utilize the Firm's services for asset management, developing a personalized financial plan or receiving consulting services are required to sign a Wrap Advisory Service Agreement at the time they engage the services of the Firm. Subsequently, through a series of confidential interviews, the advisor collects pertinent information about the client's personal situation, resources, financial goals and previous goal-oriented actions. Data is analyzed and a written financial plan, if deemed appropriate, may be developed by the advisor. With or without a written plan, specific recommendations are presented to each client based upon the analysis of their data or the nature of client concerns expressed during consultations.

A financial plan may include, but is not limited to, a net worth statement, cash flow statement, review of investment accounts including a review of past asset allocations, provision of asset repositioning recommendations, strategic tax planning, education planning with funding recommendations, review of retirement accounts and plans including recommendations and one or more retirement scenarios, review of insurance policies and recommendations for changes, if necessary, and an estate planning review with recommendations. While detailed investment advice and specific recommendations may be provided as part of a financial plan, implementation of the recommendations is at the discretion of the client and may be implemented with either WAM or a financial advisor of the client's choosing.

Consulting services are provided to clients regarding financial-related concerns in situations where detailed or comprehensive financial planning is either not necessary or not desired. Common areas of concern addressed by these services include:

Education planning	Simple investment planning
Death, disability and retirement planning	Tax planning
Net worth, cash flow and financial position	Risk management (insurance)
Other investment or non-investment issues	Estate planning

As previously stated, the Firm does not provide legal or accounting advice relative to its financial plans or as components of its consulting services. It will, however, act as a facilitator between clients and their legal and/or tax advisors relative to the recommendations made in these areas by the Firm.

Within its wrap program, WAM offers its clients up to six (6) hours annually of financial planning and/or consulting services outside the scope of normal ongoing investment management. Clients requiring more than six hours may negotiate the additional time necessary, and a corresponding fee with the advisor based on WAM's standard hourly rate for consulting services.

Fees for wrap program services are negotiable based on the advisor's evaluation of the complexity of issues to be addressed. Fees for the Firm's bundled services will be assessed as a percentage applied to assets under management by WAM for the client. Fees are billed in advance, on a quarterly basis, and may be deducted directly from a client's advisory account or billed directly to the client for payment.

The originally quoted base fee for services may be adjusted upward, at the discretion of the advisor, based upon the complexity of a client's specific asset management concerns. Fees may be waived, at the discretion of the advisor, without the client accepting or implementing with WAM any recommendations developed by the Firm.

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### **Investment Advisory Services**

Most clients choose to have WAM manage their assets in order to obtain ongoing in-depth advice and life planning and are required to sign a Wrap Advisory Service Agreement. The scope of services and related fees are relayed to the client in this agreement at the time the Firm is hired. WAM's services provided under the Agreement may provide for cash flow management, insurance review, investment management, education planning, retirement planning, estate planning and tax planning, along with implementation strategies for the recommendations made within each area.

Under the terms of the Agreement, all aspects of the client's financial affairs are reviewed, including those of their immediate family as they relate to the client. Realistic and measurable goals are set and strategies to reach those goals are defined. As goals and objectives change over time, updated recommendations are made and implemented on an ongoing basis.

Asset management services are provided on a discretionary basis. Under the terms of WAM's advisory agreement, clients authorize the advisor to buy, sell, invest, reinvest, exchange and/or trade securities in their accounts at his sole discretion and without consulting with the client in advance. Advisory services are ongoing and agreements are self-renewing unless terminated by either the client or the advisor. Fees and terms within the agreement, however, may be adjusted periodically to serve the client's ongoing needs. Should this be necessary, clients are notified in writing in advance of any adjustments to their agreements.

As previously stated, fees are billed quarterly, in advance, and either automatically deducted from the clients' advisory accounts or invoiced directly by the Firm. Clients receive a quarterly statement or invoice from the account custodian(s) which identifies the account balance used as the basis for fee calculations, the manner in which the fees were calculated and the actual amount of fees charged.

Should either the Firm or the client choose to terminate asset management services prior to the end of the calendar quarter, a pro rata refund of unearned fees will be credited back to the client's account. As with the advance fee calculation, the refund will be calculated based on the portfolio value at the end of the preceding quarter. This amount will be divided by the number of days in the current quarter then multiplied by the number of days remaining in the current quarter on the effective termination date specified in the written termination notice.

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**Retainer Agreement**

WAM generally does not charge a retainer to clients for financial planning, consulting and/or asset management services. Should it do so, the retainer terms will be clearly stated in the agreement signed by the client.

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**Asset Management**

When providing ongoing asset management services, WAM does not require a minimum account size to establish or maintain its services. To maximize portfolio management efficiency, however, it does recommend a minimum of \$150,000 in aggregated assets to establish an asset management relationship. This aggregate amount may include all members of the client's household or other common entity where all accounts share a common investment objective. Exceptions may be made to this recommended minimum, at the advisor's discretion, based on specific prospective client circumstances. Client services are not normally terminated if an account's value should fall below recommended levels either.

WAM generally recommends that clients allocate their investment assets to various vehicles deemed by their advisor to be appropriate and consistent with the client's suitability and objectives. These investment vehicles may include, but are not limited to, the following:

Exchange-listed securities	Over-the-counter securities
Foreign securities	Warrants
Corporate debt securities	Commercial paper
Certificates of deposit	Municipal securities
Variable annuities	Mutual funds
Variable universal life insurance	Exchange-traded funds
U.S. Government securities	Options contracts
Real estate partnerships	Oil and gas partnerships

Initial public offerings (IPOs), private placements and low-priced securities (penny stock) transactions are not available to clients through WAM. At the discretion of the CCO, however, the Firm may elect to execute a specific penny stock transaction on behalf of a client and only by client request. The fees related to transactions in any

investment vehicle are clearly identified to the client, either by the advisor or by prospectus, prior to investing client assets and/or executing transactions.

As previously noted, securities transactions in WAM asset management accounts are executed either through TDA or Schwab, WAM's advisory client custodians. The Firm may, however, utilize other custodial platforms at its discretion. In addition, other brokerage firms, broker/dealers and/or custodians may be utilized if requested by the client, a practice known as directed brokerage. Under any client-directed brokerage circumstances, however, clients are advised that their direction may hinder WAM's ability to achieve best execution on trades, negotiate commissions or participate in block trading which could be beneficial to the client.

Either clients or the advisor may elect to utilize the Schwab custodial platform to execute trades for all or a portion of the clients' invested portfolio holdings. While Schwab, however, does not provide its services as a component of WAM's Wrap Services, assets held at Schwab are aggregated with other assets in the Wrap Services portfolio for the purpose of advisory fee calculations and assessments.

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**Termination of Agreements**

As previously stated, either WAM or the client may terminate the aforementioned agreement at any time by notifying the other party in writing thirty (30) days prior to the desired termination date. The client will be billed at the stated rate for the time spent on the advisory activities performed prior to notification of termination. If the client made an advance payment, WAM will refund any unearned portion of the advance payment.

In addition, WAM reserves the right to terminate any advisory engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in WAM's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded to the client.

## **Item 5 - Fees and Compensation**

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**Description of Fees****Asset Management, Financial Planning and Consulting Services**

Financial planning and consulting services are incorporated into the bundled or wrapped asset management services offered to clients under the Firm's Wrap Advisory Services Agreement. Clients are assessed a set fee, which is stipulated in their Agreement, and may elect which of the bundled services they would like to utilize. The fee for wrap services may be negotiable, at the discretion of the advisor, dependent upon the specific needs identified by the client, complexity of the client's financial issues to be addressed by the advisor and projected time expenditures required to complete the financial planning process to the client's satisfaction. Wrap

program fees are not reduced, however, should a client decline to utilize all services available to them under the wrap program.

For its wrap asset management services, WAM charges a minimum annual base fee of \$3600 for all accounts of \$200,000 or less. This base fee may be adjusted up or down by mutual agreement between the advisor and client if, by the advisor's estimation, the level of service required is significantly more or less than that provided for under the minimum base fee. In addition, an initial one-time account set-up fee may be charged for new accounts. This fee will range from \$500 to \$2500, based upon the complexity of the account to be established and assets to be transferred, and may be waived at the discretion of the advisor and/or CCO.

Effective November 1, 2013, the annual fee for WAM's wrap services for accounts greater than \$200,000 is based on a percentage of assets under management and listed in the Wrap Advisory Services Agreement signed by the client upon engaging the Firm. Fees are billed on a quarterly basis, in advance, based upon either the annual minimum fee or the percentage of assets under management by the Firm at the end of the last business day of the preceding calendar quarter, according to the following fee schedule:

<u>Account Value</u>	<u>Annual Advisory Fee</u>
First \$200,000	0% but subject to \$3600 minimum annual base fee
\$200,001-\$2,000,000	0.60%
\$2,000,001-\$4,000,000	0.40%
Over \$4,000,000	0.10%

Fees are not collected more than six (6) months in advance for services performed.

WAM may from time to time acquire advisory clients who have been referred to the Firm by other unaffiliated advisors. For these referred clients, the Firm may elect, at the discretion of the CCO, to "grandfather" the advisory fee schedule from their previous advisory firm, which may differ substantially from WAM's fee schedule described above. For these "legacy" clients, the WAM Wrap Advisory Services Agreement executed by these new clients will reflect the grandfathered fee schedule from their previous advisory firm as opposed to WAM's standard advisory fee schedule described above, subject to the review and approval of the CCO. Legacy client accounts may remain custodied with their preceding advisor's account custodian or transferred to an existing custodial platform in place with WAM. However, clients are responsible for all additional charges (i.e. ticket charges, account maintenance fees, etc.), above and beyond WAM's Wrap Services Fee, which may be imposed by their existing account custodian(s).

Existing clients of WAM as of November 1, 2013 are also included in the legacy class. Asset management fees for these clients are grandfathered to those specified in their most current WAM advisory agreement in force prior to November 1, 2013. Should these legacy clients execute an updated Agreement in the future, WAM's post-November 1, 2013 fee schedules will apply.

Financial planning and/or consulting services in excess of the six (6) hours per year provided to the Firm's wrap clients may be provided on a negotiated hourly fee basis. Services billed on an hourly basis most commonly consist of periodic services where the scope of the service is quite limited but indeterminate or when a service is required which is beyond the scope of services for which the Firm was originally engaged. The Firm's hourly fee rate is negotiable, based on the complexity and nature of services requested, but will not exceed \$200 per hour. Hourly fees are billed at this rate in fifteen (15) minute increments. These fees may also be waived, at the discretion of the advisor.

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**Fee Billing**

All asset management clients are billed for advisory services based on a percentage of their assets under management, with all managed account balances aggregated for the purpose of fee calculations. The dollar amount of the fee is expressed as a percentage of the total aggregated assets under management.

All asset management fees are billed quarterly, in advance, based on the market value of the assets on the last day of the previous quarter, as valued by the account custodian(s). New accounts, once established, are assessed a pro rata portion of the annual fee for the quarter in which the account is established. Generally, fees are deducted directly from the client's account, as specified in their advisory agreement, unless otherwise directed by the client. Clients declining to have fees deducted from their account will be billed directly from WAM with payment due within fifteen (15) days of the billing date.

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**Other Fees**

Other custodians utilized may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. Wrap services clients, however, are not billed for such fees or charges. Legacy class clients, however, will remain subject to the conditions and other fees assessed under the terms of their grandfathered arrangements.

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**Expense Ratios**

Mutual funds, if used, may in some instances charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. Whenever purchasing mutual funds for clients, the advisor reviews the expense ratio with the client along with other pertinent information contained within the fund's prospectus. These fees are in addition to the fees paid by the client to WAM.



## **Item 6 - Performance-Based Fees**

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### **Performance-Based Fees**

WAM's fees are not based on a share of the capital gains or capital appreciation of managed securities. In addition, the Firm does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7 - Types of Clients**

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### **Description**

WAM's clients are comprised primarily of individuals, including high net worth individuals, private family trusts, pension and profit sharing plans. Client relationships vary in scope and length of service.

### **Account Minimums**

As previously stated above, WAM does not require a minimum account size to establish or maintain its services. It does recommend a minimum of \$150,000 in aggregated assets to establish an asset management account. Advisory fees do vary based on the amount of assets under management by the Firm, however, and clients with smaller accounts may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### **Methods of Analysis**

With occasional exception by client request, WAM generally employs long-term, buy-and-hold strategies for its advisory clients based on information received from the clients, coupled with historical and ongoing market data obtained by the advisor from a variety of information sources. These sources include, but are not limited to, financial publications, corporate rating services, individual company releases, annual reports, prospectuses, SEC filings and research acquired from other outside sources. The primary sources used by WAM are information provided by Dimensional Funds Advisors Research and from various academic and industry research papers.

In developing these strategies, the Firm utilizes fundamental analysis of proposed investment vehicles. This analysis method relies on historical economic and price data to develop estimates of expected future returns for various financial asset classes as a whole as well as for individual holdings within client portfolios. The results are used by the advisor to develop, monitor, adjust and maintain holdings with client portfolios that are consistent with each client's Investment Policy Statement. WAM

does not pursue short-term market timing strategies for its clients, which may employ attempts to forecast short-term price movements of securities or markets in general.

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**Investment Strategies**

The Firm pursues its buy-and-hold investment strategy using a strategic asset allocation approach, as defined by Modern Portfolio Theory. This approach seeks to maximize gains while minimizing risk through the use of diversification of investments across a broad spectrum of domestic and foreign asset classes. Portfolios are globally diversified in this manner to control the risk associated with traditional markets.

The asset allocation model for a specific client is based upon the objectives stated by the client during consultations and documented in their Investment Policy Statement. The client may change these objectives at any time. To define these objectives, each client provides the advisor with detailed information that documents their investment objectives, which in turn defines their investment strategy. This information is reviewed with the client periodically and strategies adapted to any changes in objectives and/or suitability.

WAM implements its investment strategies primarily by allocating client investment assets among low-cost institutional class mutual funds from Dimensional Fund Advisors. It may also use other vehicles such as traditional mutual funds, closed-end funds, exchange-traded funds, individual equity or fixed-income securities, REITs and fixed or variable annuity products, whenever deemed suitable and appropriate by the advisor.

At this time, the Firm does not generally utilize techniques such as short-term purchases, short sales, margin transactions or option writing in its investment strategies. It may do so, however, at client request, if deemed suitable by the advisor in the pursuit of a specific client's objectives.

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**Risk of Loss**

All investment programs have certain risks that are borne by the investor. Clients must always be apprised of these risks and be prepared to accept the possibility of loss which might occur as a result of the types and levels of risk they are willing to accept. Our asset allocation investment approach constantly keeps the risk of loss in mind and seeks to mitigate risks in a manner consistent with each individual client's objectives and risk tolerance. In pursuit of their financial goals, investors may face any or all of 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 today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (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.
- **Opportunity Risk:** Probability of loss arising when resources are irreversibly committed for one opportunity and a better opportunity presents itself.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

Neither the Firm nor any of its associated persons have been involved in any legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

WAM is not registered as a securities broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor.

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## Affiliations

WAM does not provide legal, accounting or tax preparation services to its clients. Should the need arise for the latter service, however, WAM may refer the clients to attorneys or accountants who are independent of WAM. If clients choose to use the services of those firms, they may be required to execute separate agreements with them which identify their specific services and fees. WAM receives no compensation for these referrals.

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## Outside Business Activities

Frederick R. Fadel, as the sole advisor associated with WAM, does not engage in any outside business activities beyond his responsibilities with WAM. Administrative staff members of the Firm split their time, approximately equally, between their responsibilities at WAM and Willink Financial LLC, an insurance brokerage firm. Neither WAM nor Frederick R. Fadel receives sales commissions or compensation in any other form from the insurance brokerage or the revenue stream of Willink Financial's principal which results from that principal's duties as a Registered Representative of a FINRA-member securities broker/dealer.

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

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## Code of Ethics

WAM places the utmost priority on maintaining high standards of integrity and professionalism by its associated persons in the conduct of its advisory business. The greatest asset held by this Firm is the trust and confidence placed in it by its clients. It is incumbent upon all members of the Firm to maintain, further and adhere to the tenet that the clients' interest is paramount in all that we do. WAM has established a Code of Ethics which has been specifically formulated to ensure that our fiduciary obligations are met. In addition, since some associated persons of WAM have received the CFP® Certification from Certified Financial Planner Board of Standards, Inc., the Firm has incorporated into its Code of Ethics the following key principles of CFP Board's Code of Ethics and Professional Responsibility:

**Principle 1 – Integrity:** *IARs, employees and officers of WAM will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in position of trust by clients and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.*

**Principle 2 – Objectivity:** *IARs, employees and officers of WAM will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.*

**Principle 3 – Competence:** *IARs, employees and officers of WAM will maintain the knowledge and skills necessary to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.*

**Principle 4 – Fairness:** *IARs, employees and officers of WAM will be fair and reasonable in all professional relationships, and all conflicts of interest will be disclosed. Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interest. Fairness is treating others in the same fashion that you would want to be treated.*

**Principle 5 – Confidentiality:** *IARs, employees and officers of WAM will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.*

**Principle 6 – Professionalism:** *IARs, employees and officers of WAM will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.*

**Principle 7 – Diligence:** *IARs, employees and officers of WAM will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.*

The Firm's Code of Ethics establishes ethical guidelines for its employees and advisors to adhere to relative to the following key areas of its advisory operations:

Compliance	Personal Securities Transactions
Insider Trading	Rumor Mongering
Conflicts of Interest	Outside Business Activities
Gifts and Entertainment	Code Violation Reporting and Sanctions
Recordkeeping	

All associated persons of WAM are committed to our Code of Ethics, which is available in its entirety for review by clients and prospective clients. Copies of the Code may be obtained by written request sent to Willink Asset Management LLC, 25 Hamburg Street, East Aurora, New York 14052 or by calling our office at (877) 655-0097 toll-free or (716) 655-0097 during normal business hours. A copy will be forwarded promptly upon receipt of a request.

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**Participation or Interest in Client Transactions**

WAM and its employees may buy or sell securities that are also held by clients. Associated persons are prohibited, however, from trading securities within their personal accounts ahead of trades of the same securities in client accounts, a practice commonly known as “front running”. They are also prohibited from conducting sales of securities between their personal accounts and those of advisory clients.

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**Personal Trading**

It is WAM’s policy to prohibit personal securities transactions by its associated persons which are or could lend the appearance of being in conflict with either client transactions or the Firm’s fiduciary responsibility to its clients. The Firm has designated Frederick R. Fadel as its Chief Compliance Officer (CCO). As such, he conducts reviews of all associated person trading activity on a quarterly basis. These personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the Firm receive preferential treatment at all times.

## **Item 12 - Brokerage Practices**

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**Selecting Brokerage Firms**

At this time, as a fee-only advisor, WAM does not utilize a broker/dealer affiliation relative to its trading activities for advisory clients. It does, however, utilize TDA and Schwab, as its advisory account custodians, to implement all trades for its advisory clients. Specific custodial firm recommendations are made to clients based on the client’s need for such services and the custodian’s proven integrity and financial responsibility, along with their best execution of orders at reasonable commission rates. The Firm may also recommend other custodians, broker/dealers or brokerage firms to clients if appropriate to do so based on specific needs. Legacy class clients referred by other advisors to WAM may retain their existing custodial relationships if acceptable to both the respective custodians and WAM.

WAM participates in the institutional advisor program (the “Program”) offered by TDA, which is TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TDA offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. WAM may receive some benefits from TDA through its participation in the Program.

As disclosed above, the Firm participates in TDA’s institutional customer program and it may recommend TDA to clients for custody and brokerage services. There is no direct link between WAM’s participation in the program and the investment advice it gives to its clients, although the Firm receives economic benefits through its participation in the program that are typically not available to TDA 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 WAM

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

The Firm may also participate in Charles Schwab's institutional advisory platform for some clients. Schwab is also a FINRA-registered unaffiliated broker/dealer and SIPC member and potential conflicts of interest similar to those described above for TDA may also exist.

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### **Best Execution**

WAM reviews the execution of its advisory client trades on an ongoing basis to ensure that the client is receiving the best execution for any particular security transaction. In addition to internal best execution reviews by account custodians, WAM's CCO conducts quarterly reviews of their trading accuracy and efficiency utilizing Rule 605 reports drawn from publicly available data. If any issues of potential concern are noted in these reports relative to trading activities effecting WAM's advisory clients, they are addressed by the CCO directly with the custodian at that time, resolved immediately in the client's favor and all relevant information documented accordingly.

Additionally, on an annual basis, the CCO may request and review a Rule 606 report which compares the relative performance of a custodian, as a broker/dealer, to other broker/dealers in the market place across a variety of parameters. In seeking best execution for its clients, lowest transaction cost may not always be the key determinative factor. WAM also examines qualitative factors such as speed and accuracy of executions, value of research provided, commission rates and responsiveness to client and advisor concerns, for example. As a result, some trades may not necessarily obtain best price, within reason, but the Firm will achieve higher quality service across its entire trading platform.

Based on these comparisons, the Firm continually seeks to ensure that the overall trading execution performance of its custodians compare favorably in the marketplace. Documentation of the Firm's ongoing Best Execution reviews is maintained by the CCO as components of its books and records.

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**Soft Dollars**

Soft dollar practices generally refer to arrangements under which investment advisors or money managers obtain products or services (other than execution of securities transactions) from or through a broker/dealer in exchange for the advisor directing client brokerage transactions to that broker/dealer. WAM does not have any soft dollar arrangements in existence at this time, nor does it intend to have any in the future.

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**Order Aggregation**

While the advisor generally places trades of individual securities for clients, such orders may also be "batched" or aggregated with those of other clients or the advisor to facilitate a block trade. By executing block trades, the Firm seeks to achieve a better execution price for all parties interested in trading a specific security.

When trades are blocked, the allocation of shares is established in writing before the trade is entered. In the event of a partially filled block order, shares will be allocated in a top down manner, based upon the order of trades received, until all available shares have been allocated to client accounts. An advisor's personal or family accounts will not receive an allocation of shares unless all client orders have been satisfied first. In the event of varying execution prices in a block trading situation, the clients will receive the average of the execution prices to achieve a uniform price for all clients. Detailed records of each block trade and the allocation of shares are maintained by the Firm's CCO.

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**Trade Errors**

Should a trade error occur in an advisory client account, the CCO will initiate corrective measures immediately upon discovery to ensure that the client is not harmed by the error. Records of trade errors and the corrective actions taken are maintained by the Firm's CCO.

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

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**Periodic Reviews**

WAM continuously monitors the composition and performance of client portfolios as a key component of its ongoing service commitment to its clients. Account reviews are conducted by each advisor with their respective clients at least annually. Reviews may be performed more frequently in response to client requests or at any time when the Firm or the individual advisor feels that specific events or market conditions dictate.



Portfolio models are reviewed and updated quarterly by the Firm's principal and may be done so in consultation with or based upon the research provided by Dimensional Fund Advisors, hereinafter referred to as DFA. DFA is an SEC-registered investment advisory firm that works closely with other selected investment advisory firms, such as WAM. Adjustments to portfolio models are made periodically to reflect changes in suitability, market conditions, market opportunities and client concerns. Individual holdings within each model are evaluated relative to their performance and the likelihood that they will contribute to the objectives of the specific portfolio model in which they are held.

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**Review Triggers**

The Firm's advisors monitor economic and market conditions, perform due diligence reviews of securities and financial products and investigate significant gains or losses in client portfolios. Concerns in any of these areas, changes in tax laws and/or changes in client objectives or suitability may trigger the need for off-cycle account reviews with clients as well.

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**Regular Reports**

Clients are provided with account statements directly from their account custodians, on a monthly or quarterly basis. Clients may also directly access their account information on-line 24/7 to immediately view transaction confirmations and account balances. The Firm's CCO continuously reviews client account statements as well to ensure the accuracy of trading and account information.

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

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**Incoming Referrals**

WAM has been fortunate to receive many client referrals over the years, eliminating the need for complex marketing programs. Referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other investment advisory firms. The Firm may also utilize the services of paid solicitors to promote its advisory practice. When the Firm accepts a new client based on the recommendation of a solicitor, the manner in which the Firm compensates the solicitor is defined for the client in a copy of WAM's Solicitor Agreement, which is presented to the client by the solicitor at the time of the solicitor's recommendation to the client.

The Firm may also occasionally receive referred clients from other investment advisory firms. Referring advisors are neither compensated in any manner as gratuity for their referrals nor do they share in advisory fees paid by the client to WAM. Advisors pursuing these options would be treated as solicitors for the Firm and would be required to execute a Solicitor Agreement delineating any compensation agreed upon.

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**Referrals Out**

WAM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred by the Firm to them.

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**Other Compensation**

WAM receives no other forms of compensation for its services beyond those identified above and specifically stated in its agreements executed with clients.

## **Item 15 - Custody**

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**Account Statements**

It is the Firm's policy to have custody over client assets only to the extent that it requests the client's custodian to deduct advisory fees directly from the client's account(s), when authorized by the client, in lieu of fees being billed directly to the client for payment. As previously stated, all advisory client assets are held at qualified custodians, as defined by the SEC, such as TDA and Schwab. The custodians provide account statements directly to the clients at least quarterly, with copies forwarded electronically to WAM.

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**Performance Reports**

Clients are urged to review the performance of their investments as reported on their account statements received directly from their account custodians. These statements, along with market and portfolio performance are reviewed with each client during periodic account reviews with their respective advisor.

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**Net Worth Statements**

On request, clients are provided net worth statements and graphs that are generated from our client relationship management system. Net worth statements may contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate, in addition to invested assets. The net worth statements are used for long-term financial planning where the exact values of assets are not necessarily material to the financial planning tasks.

## **Item 16 - Investment Discretion**

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**Discretionary Authority for Trading**

Investment advisory services are provided to clients on a discretionary basis, with discretion authorization specified in each client's asset management agreement. Accordingly, WAM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the timing of transactions and the amount of the securities to be traded. This authority facilitates placing trades in client accounts on their behalf so that we may promptly implement their investment policy when timeliness is an issue.

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**Power of Attorney**

WAM does not accept or maintain power of attorney over client accounts or financial affairs.

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**Item 17 - Voting Client Securities**

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**Proxy Votes**

WAM does not vote proxies on securities and the custodian is directed to forward all proxy-related materials directly to the client or their duly appointed alternate. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, however, WAM may provide recommendations to the client. If any conflict of interest might exist relative to advising the client on proxy issues, it will be disclosed to the client prior to making any recommendations.

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**Item 18 - Financial Information**

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**Financial Condition**

WAM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because WAM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, and six months or more in advance.

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**Item 19 - Business Continuity Plan**

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**General**

WAM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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**Disasters**

It is WAM's policy to provide uninterrupted service to its clients and to minimize the downtime should any unforeseen event cause disruption to its business operations. The Firm's disaster plan makes provisions for most natural or man-made disasters which could conceivably disrupt the day-to-day operations of the Firm and/or access by clients to their account information. WAM's computer system is backed-up each day to an external hard drive by the Firm's Administrative Assistant. This back-up is inclusive of data contained on the Advisors Assistant client management system employed by the Firm. Back-up data on the external hard drive is transferred to a CD on a weekly basis and stored off-site at the residence of the Administrative Assistant.

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**Alternate Offices**

An alternate office has been designated to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients in the event of a disaster that dictates moving our office to an alternate location. At that time, they will

be provided with alternate contact information and will be periodically kept abreast of the status of the office facility restoration or relocation.

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**Loss of Key Personnel**

In the event of the death or permanent disability of any mission-critical member of the Firm, WAM has established a transition plan to provide for seamless continuation of client services on both a short- and long-term basis. Qualified personnel already affiliated with the Firm are positioned to assume mission-critical roles left vacant by the death or permanent disability of any existing members of the Firm. Management of client assets will continue, without disruption, according to the strategies currently in place.

## **Item 20 - Information Security Program**

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**Information Security**

The Firm is committed to safeguarding client information by holding it in the strictest confidence. Only information that is necessary to effect, administer or enforce a transaction is gathered. Such information may include, but is not limited to, health and financial data submitted with account applications or other forms.

To protect its client's privacy, the Firm has implemented internal procedures designed to restrict access to personal information. It may, as necessary, disclose limited personal information to other financial institutions to facilitate the completion of their authorized activities or as otherwise authorized by the client. It is the policy of the Firm not to disclose non-public personal information to any non-affiliated third parties, except as required by law, and no change is anticipated in this policy in the future. Clients will be notified prior to the implementation of any changes to this policy, should that occur.

In some instances, federal and/or state regulators may be permitted by law to review Firm and client records. WAM will comply with such requests whenever mandated by law. The Firm does not, however, provide non-public personal information to mailing list vendors or solicitors under any circumstances. Any client information gathered by WAM will be maintained for the duration of that client's relationship with the Firm and beyond for a period of time specified by current or future regulations.

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**Privacy Notice**

All prospective clients of the Firm are provided with a copy of WAM's Privacy Policy at their initial meeting and are required to sign an acknowledgement of receipt accordingly. Subsequently, a copy of the Privacy Policy is sent to all clients annually in September, along with an offering of the Firm's disclosure document.

# **Willink Asset Management LLC**

**25 Hamburg Street**

**East Aurora, New York 14052**

**(716) 655-0097**

**(877) 655-0097 Toll Free**

**(716) 655-9546 Fax**

**[www.willinkadvisor.com](http://www.willinkadvisor.com)**

**[fredfadel@willinkservices.com](mailto:fredfadel@willinkservices.com)**

## **Wrap Fee Program Brochure Appendix I of Form ADV Part 2A**

### **Item 1 - Firm Brochure Cover Page**

This wrap fee program brochure provides information about the qualifications and business practices of Willink Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (877) 655-0097 toll-free or (716) 655-0097 or by email at [fredfadel@willinkservices.com](mailto:fredfadel@willinkservices.com). 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. References within this brochure to Willink Asset Management LLC being a registered investment advisor or registered investment advisory firm do not imply a certain level of skill, training or accreditation.

Additional information about Willink Asset Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**June 1, 2014**

## **Item 2 - Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or whenever prompted to do so by material changes that occur after the initial release of the Firm Brochure.

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### **Material Changes Since the Last Update**

Since its last Disclosure Document filing on January 25, 2014, Willink Asset Management LLC has implemented noteworthy policy and/or procedural changes relative to its investment advisory practice. These changes have been deemed by the Firm's Chief Compliance Officer to constitute Material Changes which merit amending the Firm's Disclosure Document and forwarding of notifications of those changes to its clients, in keeping with regulatory requirements.

Accordingly, our clients are herein advised of the following material changes which have been implemented by Willink Asset Management LLC since its last Form ADV amendment filing:

Effective with a June 2014 Form ADV amendment filing and contingent upon SEC acceptance of that filing, registration of the advisory firm is being amended from state registration with the State of New York, its principal place of business, to federal registration with the SEC and subject to SEC direct oversight. In conjunction with that filing, Willink Asset Management LLC is also registering to conduct its investment advisory business in the State of California.

### **Item 4 – Advisory Business**

Brokerage services provided to advisory clients by the Schwab custodial platform are stand-alone in nature and not offered as a component of the Wrap Services provided by Willink Asset Management LLC.

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### **Full Brochure Available**

While the above summary is being provided to clients to make them aware of recent Material Changes, a copy of our complete Disclosure Document, Form ADV Part 2 and Appendix I, for Willink Asset Management LLC is available upon request. Under current regulations, a Brochure Supplement, Form ADV Part 2B, outlining the history and qualifications of our advisors, may be offered as a separate document. Willink Asset Management LLC, however, has elected to incorporate its Parts 2A and 2B into a single, but segregated document. If you would like to receive a copy of our Disclosure Document and Brochure Supplement, please contact us by telephone at (877) 655-0097 toll-free or (716) 655-0097 or by email at [www.willinkadvisor.com](http://www.willinkadvisor.com).

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## Item 4 – Services, Fees and Compensation

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### Description of Services

By definition, a wrap fee program seeks to provide clients with a “bundle” of advisory services wrapped together with only one comprehensive fee charged to the client by the investment advisor. The “bundle” generally is inclusive of such services as investment advice, investment research, brokerage services, financial planning and/or generally related professional consulting. Wrap fees allow the advisor to charge one straightforward fee to the client, which simplifies the process for both the client and the advisor.

Willink Asset Management LLC, hereinafter referred to as WAM or the Firm, began operations on February 22, 2001 under the name Frederick Raymond Fadel Advisors, as a Registered Investment Advisory firm registered with the Securities Exchange Commission (SEC). The Firm was later renamed Willink Asset Management LLC and reregistered with the State of New York in compliance with amended regulations. Due to continued growth of the Firm, commencing with its Form ADV amendment filing in June 2014, WAM is once again registering as an SEC-registered advisory firm, subject to direct oversight by the SEC. In conjunction with its SEC registration, the Firm has also submitted a notice filing which permits it to conduct advisory business in the State of California, in compliance with that state’s registration requirements. WAM is a privately-held limited liability company whose sole owner is Frederick R. Fadel.

Within its Wrap Fee Program, WAM provides personalized confidential financial planning, asset management and related consulting services to individuals, high net worth individuals, pension and profit sharing plans, trusts, charitable organizations and small businesses. Wrap Fee Program clients are provided with ongoing investment research and advice, brokerage services to implement investment recommendations, and up to four (4) hours per year of financial planning and/or personal consultations. Additionally, each client is provided with an in-depth account review with their advisor no less frequently than once a year.

WAM is a fee-only investment advisory firm which does not directly utilize the services of any FINRA-member securities broker/dealer in the conduct of its advisory business. Investment advisory services are provided to clients on a discretionary basis only and WAM does not act as the custodian of client assets. Instead, custody of advisory client accounts is maintained at either TD Ameritrade Institutional, hereinafter referred to as TDA, or at Charles Schwab & Co., hereinafter referred to as Schwab, both of which are FINRA and SIPC member firms and FDIC-insured depository institutions in their own rights. Both also satisfy the SEC criteria as qualified custodial firms and execute all trading activities for WAM’s advisory clients.

Regardless of the Firm’s selection of custodian, the clients always maintain control of their assets while authorizing WAM to transact trades on their behalf, without prior



consultation, by the discretion authorizations contained in their advisory agreements.

Following the development of a client-specific investment policy, WAM will establish brokerage accounts of types and with custodians deemed consistent with each client's risk profile, investment objectives and objective-specific time horizons. Assets will be placed in the custodial accounts through either direct asset transfers or cash contributions. As stated above, WAM will then utilize its discretion relative to specific securities to be traded within client accounts and the timing of transactions. Portfolio holdings are rebalanced periodically to maintain consistency with each client's investment policy. Portfolio reviews are conducted with each client at least annually, along with the updating of suitability parameters.

The initial meeting with a prospective client, which may be by telephone or in person, is free of charge and is considered an exploratory interview to determine the extent to which the Firm's services may be beneficial to the client. Other professionals (e.g. lawyers, accountants, insurance agents, etc.) may be engaged directly by the client or WAM, on an as-needed basis. Such services, unless specifically provided by the terms of the wrap advisory agreement executed by the client, will not be considered to be components of WAM's Wrap Fee Program and may subject the client to additional indirect expenses beyond the scope of the Wrap Fee Program fees. Real or potential conflicts of interest from such engagements will be immediately disclosed to the client in the unlikely event they should occur.

As stated above, financial planning and consulting services are incorporated into the bundled or wrapped asset management services offered to clients under the Firm's Wrap Advisory Services Agreement. Clients are assessed a set fee, which is stipulated in their Agreement, and may elect which of the bundled services they would like to utilize. The fee for wrap services may be negotiable, at the discretion of the advisor, dependent upon the specific needs identified by the client, complexity of the client's financial issues to be addressed by the advisor and projected time expenditures required to complete the financial planning process to the client's satisfaction. Wrap program fees are not reduced, however, should a client decline to utilize all services available to them under the wrap program.

For its wrap asset management services, WAM charges a minimum annual base fee of \$3600 for all accounts of \$200,000 or less. This base fee may be adjusted up or down by mutual agreement between the advisor and client if, by the advisor's estimation, the level of service required is significantly more or less than that provided for under the minimum base fee. In addition, an initial one-time account set-up fee may be charged for new accounts. This fee will range from \$500 to \$2500, based upon the complexity of the account to be established and assets to be transferred, and may be waived at the discretion of the advisor and/or CCO.

Effective November 1, 2013, the annual fee for WAM's wrap services for accounts greater than \$200,000 is based on a percentage of assets under management and listed in the Wrap Advisory Services Agreement signed by the client upon engaging the

Firm. Fees are billed on a quarterly basis, in advance, based upon either the annual minimum fee or the percentage of assets under management by the Firm at the end of the last business day of the preceding calendar quarter, according to the following fee schedule:

<u>Account Value</u>	<u>Annual Advisory Fee</u>
First \$200,000	0% but subject to \$3600 minimum annual base fee
\$200,001-\$2,000,000	0.60%
\$2,000,001-\$4,000,000	0.40%
Over \$4,000,000	0.10%

Fees are not collected more than six (6) months in advance for services performed.

WAM may from time to time acquire advisory clients who have been referred to the Firm by other unaffiliated advisors. For these referred clients, the Firm may elect, at the discretion of the CCO, to “grandfather” the advisory fee schedule from their previous advisory firm, which may differ substantially from WAM’s fee schedule described above. For these “legacy” clients, the WAM Wrap Advisory Services Agreement executed by these new clients will reflect the grandfathered fee schedule from their previous advisory firm as opposed to WAM’s standard advisory fee schedule described above, subject to the review and approval of the CCO. Legacy client accounts may remain custodied with their preceding advisor’s account custodian or transferred to an existing custodial platform in place with WAM.

Existing clients of WAM as of November 1, 2013 are also included in the legacy class. Asset management fees for these clients are grandfathered to those specified in their most current WAM advisory agreement in force prior to November 1, 2013. Should these legacy clients execute an updated Agreement in the future, WAM’s post-November 1, 2013 fee schedules will apply.

Financial planning and/or consulting services in excess of the six (6) hours per year provided to the Firm’s wrap clients may be provided on a negotiated hourly fee basis. Services billed on an hourly basis most commonly consist of periodic services where the scope of the service is quite limited but indeterminate or when a service is required which is beyond the scope of services for which the Firm was originally engaged. The Firm’s hourly fee rate is negotiable, based on the complexity and nature of services requested, but will not exceed \$200 per hour. Hourly fees are billed at this rate in fifteen (15) minute increments. These fees may also be waived, at the discretion of the advisor.

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### **Fees for Services**

Wrap fees are generally assessed as a percentage of the client assets under management and are intended to provide payment for all the direct services the client receives from WAM, as well as to cover the administrative costs incurred by WAM for direct and indirect services provided.

Effective November 1, 2013, the annual fee for WAM’s wrap services for accounts greater than \$200,000 is based on a percentage of assets under management and listed

in the Wrap Advisory Services Agreement signed by the client upon engaging the Firm. Fees are billed on a quarterly basis, in advance, based upon either the annual minimum fee or the percentage of assets under management by the Firm at the end of the last business day of the preceding calendar quarter, according to the following fee schedule:

<u>Account Value</u>	<u>Annual Advisory Fee</u>
First \$200,000	0% but subject to \$3600 minimum annual base fee
\$200,001-\$2,000,000	0.60%
\$2,000,001-\$4,000,000	0.40%
Over \$4,000,000	0.10%

Fees are not collected more than six (6) months in advance for services performed.

At this time, WAM does not utilize the services of any third-party asset managers that share in the WAM wrap fees. At its discretion, however, it may elect to do so in the future. If that should occur, clients will be notified by an amendment to this document.

Utilizing WAM's Wrap Fee Program could result in slightly lower or slightly higher costs to the client for some specific services in the "bundle" than if those services were purchased individually. By bundling services, however, it is the Firm's intent to simplify a multi-faceted program for addressing its clients various advisory needs. Overall costs take into consideration factors such as containing mounting costs from multiple brokerage transactions in highly traded accounts as well as value-added advisor access which might otherwise entail considerable hourly professional service fees.

Above and beyond the advisory fees stated above, utilizing certain types of investment vehicles such as mutual funds, exchange-traded funds and/or other structured or pooled investment products may subject clients to additional fees or charges. For example, mutual funds, if used, charge an internalized management fee, referred to as the expense ratio, for their services as investment managers. One component of the expense ratio of a fund is known as a 12(b)-1 fee, which is intended to defray the ongoing cost of providing service to the fund's investors. Expense ratio fees are not billed directly to the clients. Instead, as an internal expense of the fund, they are assessed against the fund's assets and diminish the fund's overall annual performance while being generally overlooked by the client. Performance figures quoted by mutual funds in various publications are after these fees have been deducted. Whenever purchasing these types of investment products for its clients, WAM reviews these "hidden" expenses, along with other pertinent information, in deciding whether to utilize them in a client's portfolio. Such fees are in addition to the advisory fees paid by the client to WAM. The Firm, however, receives no portion of these fees or charges.

Investment Advisor Representatives (IARs) of WAM may be licensed at a state level as either insurance consultants or agents/brokers but are only permitted by the Firm to provide insurance advice to clients and/or assist them in the implementation, monitoring and management of insurance and annuity products available to them, thus

avoiding any real or perceived conflicts of interest in this area of business. IARs are not permitted to receive or retain any commissions, including incidental ongoing renewal commissions, which could otherwise be paid to them by insurers. Further, they are prohibited from holding themselves out to the public as providers of insurance products and from receiving any form of direct or indirect compensation resulting from the referral of advisory clients to outside insurance agents or brokers to address their insurance needs.

For clients requiring insurance products for which non-commissioned products or otherwise suitable options are not available, WAM will provide the client with referrals to at least two unrelated insurance brokerage firms through which the clients may, at their sole discretion, implement WAM's recommendations through the purchase of appropriate commission-based insurance products. As stated above, WAM does not share in any subsequent insurance-generated commissions received by those brokerage firms nor is it compensated in any manner by the firms whose names have been provided to clients. Further, clients of WAM are advised that they are under no obligation to implement insurance transactions through the referred firms.

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**Fee Billing**

All asset management clients with account balances in excess of \$200,000 are billed for advisory services based on a percentage of their assets under management, with all managed account balances aggregated for the purpose of fee calculations. All wrap fees are billed quarterly, in advance, based on the market value of the assets under management by WAM on the last day of the previous quarter, as valued by the account custodian(s). New accounts, once established, are assessed a pro rata portion of the annual fee for the quarter in which the account is established. Fees are deducted directly from the client's accounts, as agreed upon in their Wrap Fee Program Agreement, unless otherwise directed by the client. Clients declining to have fees deducted directly from their accounts will be billed directly from WAM and are due within fifteen (15) days of the billing date.

## **Item 5 – Account Requirements and Types of Clients**

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**Account Requirements**

While WAM does not require a minimum account size to establish or maintain its asset management services in its Wrap Fee Program, it does recommend a minimum of \$150,000 in aggregated assets to establish an efficient asset management account.

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**Types of Clients**

The WAM Wrap Fee Program is currently available to all advisory clients. These clients may include individuals, high net worth investors, charitable organizations, small businesses, trusts, pension plans and qualified plan participants.

## **Item 6 – Portfolio Manager Selection and Evaluation**

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### **Portfolio Manager Selection**

As stated above, at this time WAM does not utilize third party asset managers to develop and manage portfolios for Wrap Fee Program clients. Should it elect to do so in the future, WAM will conduct a due diligence review of prospective managers to compare their performance to industry standards in such key areas as management credentials, investment strategies, technology base, compliance history, execution timeliness and accuracy as well as historical portfolio performance statistics. Should a decision be made to utilize an outside manager, clients will be notified using the Material Changes disclosure section of this brochure, which will be forwarded to all existing clients.

At this time, Fred R. Fadel, CFP<sup>®</sup>, an associated person of WAM, serves as the sole portfolio manager for all Wrap Fee Program client accounts. As a CFP<sup>®</sup> and Investment Advisor Representative, he is bound by a fiduciary duty to hold client interests above all that he does. Beyond these fiduciary standards of conduct, WAM further contracts the services of an independent compliance consulting firm to provide objective oversight of its and Mr. Fadel's portfolio management activities.

## **Item 7 – Client Information Provided to Portfolio Managers**

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### **Description of Client Information Provided**

IARs of WAM are responsible for the collection of initial suitability information of clients upon engaging the services of the Firm. This information is inclusive of, but not limited to, personal information on members of the client household, tax information, employment status, risk tolerances, investment objectives and goal achievement timeframes. This information is utilized to develop the client-specific investment policy and subsequent portfolio management strategies. On an ongoing basis, the IAR meets at least once annually with each client and, in the course of those service meetings, updates on a continual basis the suitability information on file. As required, changes in suitability parameters are incorporated into adjustments to the client's portfolio management.

## **Item 8 – Client Contact With Portfolio Managers**

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### **Client Contact**

WAM does not place any restrictions upon clients and the portfolio manager. On the contrary, contact is encouraged. All clients meet with the portfolio manager at least annually to review account activities and overall strategies and objectives relative to market events.

## Item 9 - Additional Information

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### **Disciplinary Information**

Current regulations require that WAM disclose any legal or industry-related disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or to the integrity of the Firm's management personnel. Neither WAM nor any of its associated persons have been involved in any legal or disciplinary events related to past or present investment clients.

### **Other Financial Industry Activities**

WAM participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, herein referred to as TDA. TDA is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TDA offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. WAM receives some benefits from TDA through its participation in the Program.

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

and brokerage services.

Beyond these activities, no associated person of WAM engages in any other financial industry activities beyond their current responsibilities at the Firm.

**Willink Asset Management LLC**

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**Part 2B of Form ADV**

**Item 1 - Brochure Supplement for Frederick R. Fadel, CFP®**

This brochure supplement provides information about Frederick R. Fadel that supplements the Willink Asset Management LLC Form ADV Part 2A Brochure. You should have received a copy of that brochure. Please contact Mr. Fadel if you did not receive one or if you have any questions about the contents of this supplement. Additional information about Mr. Fadel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**June 1, 2014**



## Item 2 – Educational Background and Business Experience

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### **Educational Background and Business Experience**

WAM permits its advisors to be part- or full-time associates of the Firm but must have a bachelor's degree from an accredited university or substantially equivalent industry-related work experience. They are also required to participate on an ongoing basis in related coursework or training focused on furthering their knowledge of financial planning and tax planning. Examples of acceptable coursework objectives include advanced degrees and professional designations such as MBA, CFP<sup>®</sup>, CFA, ChFC, JD, CTFA, EA or CPA. Upon achieving one or more of these advanced degrees or industry-recognized professional designations, advisors are required to participate in ongoing continuing education programs sufficient to maintain their degrees or designations in a current, active and good standing status. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management along with a demonstrated knowledge of and compliance with federal, state and industry regulations governing the financial industry.

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### **Professional Certifications**

Mr. Fadel has earned the following professional designation, certification and/or credential that is required to be explained in further detail:

Certified Financial Planner<sup>®</sup>(CFP<sup>®</sup>): Certified Financial Planners are licensed by the CFP Board of Standards to use the CFP<sup>®</sup> mark. CFP<sup>®</sup> certification requirements:

- Bachelor's degree from an accredited college or university.
  - Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
  - Successful completion of the 10-hour CFP<sup>®</sup> Certification Exam.
  - Three-year qualifying full-time work experience.
  - Successfully pass the Candidate Fitness Standards and background check.
- 

### **Frederick R. Fadel, CFP<sup>®</sup>, Managing Member**

#### **Educational Background:**

- Born 1949
- Post Secondary Education
  - State University of New York – Bachelor of Arts Core, 1971
  - State University of New York – Master of Architecture and Planning (incomplete), 1978-1980
  - National Development Council – Certificates in Credit Analysis and Real Estate Development Finance, 1982
- **Professional Designations**
  - Certified Financial Planner<sup>®</sup>, 2001

**Business Experience:**

- 2004 to Present            Managing Member, Chief Compliance Officer of Willink Asset Management LLC, an SEC-registered investment advisor.
- 2002 to Present            Investment Advisor Representative of Willink Asset Management LLC, an SEC-registered investment advisor.
- 2002 to 2005              Registered Representative of Cadaret, Grant & Co., Inc., a FINRA and SIPC member securities broker/dealer.
- 1994 to 2002              Registered Representative of Securities America, Inc., a FINRA and SIPC member securities broker/dealer.
- 1989 to 1994              Registered Representative of MetLife/State Street Securities, Inc., a FINRA and SIPC member securities broker/dealer.
- 1980 to 1989              City Director of Planning and Commissioner of Community Development for the City of Buffalo, New York.

### **Item 3 – Disciplinary Information**

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Frederick R. Fadel has not been a party to any administrative, civil or legal proceedings relative to his advisory or securities-related activities.

### **Item 4 – Other Business Activities**

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Mr. Fadel does not conduct any business activities beyond his duties at WAM.

### **Item 5 – Additional Compensation**

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Mr. Fadel is licensed as a life and health insurance agent in the State of New York. As such, he provides insurance-related analyses and recommendations to advisory clients but does not provide them with insurance products or services. Clients requiring those products or services are provided with names of at least two (2) insurance agents/agencies that the client may contact by their own initiative. Neither Mr. Fadel nor WAM receives any form of compensation for insurance-related consultations or recommendations.

### **Item 6 – Supervision**

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As Chief Compliance Officer (CCO) and sole Investment Advisor Representative of WAM, an SEC-registered investment advisor, Mr. Fadel is accountable to the SEC for maintaining compliance with all financial industry regulations imposed by the SEC and/or state regulatory authorities to ensure the fair, reasonable and ethical conduct of the Firm's advisory services. At a functional level, Mr. Fadel has been designated as WAM's CCO to supervise the day-to-day advisory activities of the Firm and to certify annually its compliance with the regulations. To assist with his supervisory responsibilities, WAM has contracted with an independent compliance consulting firm to further monitor the Firm's compliance efforts and facilitate Mr. Fadel's comprehensive

oversight. Mr. Fadel can be reached by telephone at (877) 655-0097 toll-free or (716) 655-0097 or by email at [fredfadel@willinkservices.com](mailto:fredfadel@willinkservices.com).