

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

**WMBC**

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**WMBC Portfolio Series**

August 11, 2017

This wrap fee program brochure provides information about the qualifications and business practices of Wealth Management and Business Concepts, herein “WMBC”. If you have any questions about the contents of this brochure, please contact us at 949-829-9622 or [dcoles@wmbci.com](mailto:dcoles@wmbci.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about WMBC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 124462.

## Item 2    Material Changes

### General Notice:

This Wrap Fee Program Brochure ("Wrap Brochure") is our disclosure document prepared according to the SEC's requirements and rules.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### Material Changes:

As of the last update of this document, August 25, 2016, we have changed our name from Wealth Management and Business Concepts to WMBC. There has not been any change of ownership or any other material change. In connection with this name change.

## Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Services Fees and Compensation .....	4
Item 5	Account Requirements and Types of Clients .....	9
Item 6	Portfolio Manager Selection and Evaluation .....	9
Item 7	Client Information Provided to Portfolio Managers.....	10
Item 8	Client Contact With Portfolio Managers .....	10
Item 9	Additional Information .....	11

## Item 4 Services Fees and Compensation

### **SERVICES**

WMBC is an SEC-registered investment adviser with our principal place of business located in Lake Forest, California. WMBC began conducting business in 2001.

We sponsor the WMBC Portfolio Series (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services and fees offered by our firm, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at 949-829-9622 or [dcoles@wmbci.com](mailto:dcoles@wmbci.com).

This Program will include all three of the following elements as detailed below: Separately Managed Accounts, Model Portfolio Management, and Asset Allocation Utilizing Mutual Fund and ETFs.

### **SEPARATELY MANAGED ACCOUNT ("SMA") PROGRAM**

Clients participating in the WMBC Portfolio Series receive continual advice regarding the investment of their funds based on their individual needs. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy which serves as the basis for managing the client's portfolio. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

As a sponsor of this Program, we have established contractual relationships with third party money management firms to enable our clients' to utilize a broad spectrum of professional investment managers with various specialties and investment strategies (i.e., large cap, small cap, fixed-income, global/international, etc.), as well as asset allocation or asset management services.

WMBC Portfolio Series clients sign separate agreements with our firm and each of the selected managers. Clients participating in this program will have their investment portfolio(s) managed on a non-discretionary basis according to the specific investment style selected by the client.

As part of our consulting and administrative services, the duties of our firm's investment adviser representatives ("IARs") include assisting the client to identify and define investment objectives and choosing appropriate portfolio managers, setting restrictions or limitations on the management of the account,

explaining portfolio strategies and transactions and answering client questions. Furthermore, WMBC reviews the performance of the selected portfolio manager(s) on at least an annual basis and prior to introducing clients to the non-affiliated investment advisers.

A complete description of the third party manager's services, fee schedules and account minimums (if any) will be disclosed in the independent manager's applicable Form ADV disclosure brochure(s) which will be provided to clients at the time an agreement for services is executed and account is established.

### **MODEL PORTFOLIO MANAGEMENT PROGRAM**

Through the WMBC Portfolio Series program, clients are provided with portfolio management services using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

The individuals associated with WMBC who provide our investment advisory services serve as the client's financial consultant. The financial consultant assists the client in understanding the nature of the WMBC Portfolio Series and determining its suitability, identifying the client's investment objectives, establishing the client's risk tolerance; all based on information provided by the client concerning their financial situation, personal and financial goals, risk tolerance, investment time horizon and other similar factors.

After assisting in its development, the financial consultant provides a copy of the client's investment profile to the selected portfolio manager for review and approval. The financial consultant will continue to monitor the client's Program account to ensure that the investment style and portfolio manager(s) selected by the client continues to match the client's investment profile. The financial consultant must meet with the client at least annually (either in person or via telephone) to evaluate the client's ongoing participation and specifically determine whether there has been any change in the client's financial circumstances. Any such changes will be communicated by the financial consultant to the client's selected portfolio manager(s).

A complete description of the independent manager's services, fee schedules and account minimums (if any) will be disclosed in the independent manager's applicable Form ADV disclosure brochure(s) which will be provided to clients at the time an agreement for services is executed and account is established.

### **MUTUAL FUND/ETF ASSET ALLOCATION PROGRAM**

WMBC Portfolio Series is a mutual fund/exchange-traded fund ("ETF") asset allocation program that offers

clients a wide selection of strategic asset allocations and mutual fund/ETF investment choices, as well as optional features such as systematic rebalancing of Program accounts.

The Program offers a diversified portfolio, professional advice and guidance, ongoing due diligence of the investments in the portfolio and automatic rebalancing of the client's portfolio to maintain the desired asset allocation, all for a single, asset-based fee.

Clients may choose to have their accounts automatically reviewed for rebalancing quarterly and, if needed, rebalanced. For clients who accepted the suggested allocation, the rebalancing will be effected against the then current suggested allocation. Any future updates to the suggested allocation corresponding to the client's investor profile will become the new target allocation for the next scheduled quarterly rebalancing, and will be reflected in the account's next quarterly report. A rebalancing to the updated suggested allocation may involve the addition or removal of asset categories, which may require the sale of a mutual fund and/or the selection of one or more new mutual funds for the account.

For clients who create an account allocation based on their preferences, the rebalancing will be effected against their selected account allocation.

Regardless of whether a client chooses to have automatic rebalancing, the client may direct WMBC to rebalance the account at any time. Clients may also direct us to add or remove automatic rebalancing to their accounts (subject to eligibility and under the terms and conditions set forth above) by executing and delivering to our firm the appropriate documentation. Client trades in mutual funds outside of automatic rebalancing may be subject to short-term redemption fees as set forth in the selected mutual fund's prospectus.

The services we provide for WMBC Portfolio Series include the following:

- assist the client to determine an appropriate investment goal, including identifying the client's financial objectives, risk tolerance, liquidity requirements and time horizons;
- establish an appropriate asset allocation;
- placement of client assets with an Independent Investment Adviser;
- distribution of quarterly account statements;
- performance, investment and reinvestment review, and
- payment of asset management fees.

Clients participating in this program will choose a Portfolio Manager employed by an Independent Registered Investment Adviser ("IRIA") to actively manage their assets under a wrap fee agreement with WMBC. In this program our firm acts as the sponsor to the program and the IRIA acts as the portfolio manager to the client.

A complete description of the independent manager's services, fee schedules and account minimums (if any) will be disclosed in the independent manager's applicable Form ADV disclosure brochure(s) which will be provided to clients at the time an agreement for services is executed and account is established.

## FEES

The annualized fees for this program are charged as a percentage of the value of the client's portfolio and will range from 50-150 basis points (0.50% - 1.50%) of the assets under management. Program fees are charged monthly in arrears. If management begins after the start of a month, Program fees will be prorated accordingly. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Investment Management Agreement ("IMA").

The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, custody charges for clients' assets custodied at Fidelity and brokerage services for Program accounts to the extent trades are conducted through Fidelity.

The Program fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than Fidelity and custody charges if client assets are custodied anywhere other than Fidelity. The Program fees do not include expenses of mutual funds and electronically traded funds such as fund management fees charged to each fund's investors, mark-ups, mark-downs, or spreads paid to market makers, and/or odd-lot differential fees.

**Other Fees and Expenses.** Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, which may include, but not limited to: IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

**Additional Information about Program fees.** Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Mutual Fund Fees:** All fees paid to WMBC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial

or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Exchange-Traded Funds:*** Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to WMBC' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** WMBC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, WMBC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset WMBC' advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **COMPENSATION**

We may enter into marketing arrangements with independent investment adviser and/or broker-dealer firms pursuant to which representatives of their firms ("Solicitors") offer our services, including participation in this program, to the public. Through these arrangements, we pay a cash referral fee to the Solicitor and/or their firm based upon a percentage of our advisory fee. The payment of referrals fees will not increase the amount of the fees paid by program participants. However, clients should be aware that the receipt of this compensation may create an incentive for the individual to recommend participation in this program over others for which no such compensation may be received.



As required by applicable law, the details of the solicitation arrangement, including the compensation payable to the solicitor, will be described to the client in a separate document provided to the client at the time of the referral.

## Item 5 Account Requirements and Types of Clients

### MINIMUM ACCOUNT REQUIREMENTS

Participation in this program is subject to certain minimum account requirements. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

Minimum account sizes are set by each portfolio manager and may range from \$25,000 to \$100,000.

WMBC Portfolio Series Program clients must direct WMBC as to the broker dealer/custodian to be used in managing their account. As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through Fidelity. Fidelity is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. WMBC has negotiated an arrangement with Fidelity to provide custodial and brokerage services as part of the WMBC Portfolio Series Program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than Fidelity. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

### TYPES OF CLIENTS

WMBC provides advisory services in the WMBC Portfolio Series Program, where appropriate, to:

- Individuals
- High net worth individuals
- Pension and profit sharing plans (but not the plan participants)
- Corporations

## Item 6 Portfolio Manager Selection and Evaluation

### PORTFOLIO MANAGER SELECTION

As previously disclosed, WMBC recommends the services of independent managers to provide asset management services to our clients based on the client's individualized needs. All of the client's assets will then be managed by the independent manager based upon the stated investment objectives of the client.

The recommendation of an independent asset manager is contingent upon that manager passing our due diligence requirements. WMBC will not recommend the use of an independent manager unless the manager is registered or exempt from registration as an investment adviser in the client's home state. We evaluate independent asset managers based on extensive information provided by that manager, including descriptions of its investment process, asset allocation strategies, sample portfolios, and the independent manager's disclosure brochure(s). We also analyze performance, risk characteristics and management style.

Investment managers are selected by the client after a profile interview is completed with the prospective client. A manager is selected whose discipline style and manner is most compatible with the client's risk/reward performance. Manager review is performed at least annually. If the client is dissatisfied with that manager for any reason, a more in-depth review of the manager's performance is conducted consistent with the client's financial profile. If there are meaningful inconsistencies between the two, typically that manager will be replaced.

Circumstances under which an asset manager might be removed include (but are not limited to) poor performance, significant departure from the manager's stated investment discipline, or material changes in the organization. Similarly, WMBC may, as an alternative, recommend changing managers for any of the foregoing or other reasons, including a client's dissatisfaction.

### **PORTFOLIO PERFORMANCE REPORTING**

As disclosed in Services, Fees and Compensation (Item 4), participating clients' assets are managed by unaffiliated investment management firms. These firms also provide clients with periodic performance reporting.

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

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

WMBC's investment adviser representative will directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

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

WMBC's investment adviser representatives are reasonably available to consult with clients regarding the status of their account.

## Item 9 Additional Information

### **DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Management personnel of WMBC are separately licensed and registered representatives of Triad Advisors, Inc., an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While WMBC and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients.

Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by WMBC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. WMBC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

## **CODE OF ETHICS**

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

WMBC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

WMBC' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [dcoles@wmbci.com](mailto:dcoles@wmbci.com), or by calling us at 949-829-9622.

WMBC and individuals associated with our firm are prohibited from engaging in principal and agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have

an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, and licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

### **REVIEW OF ACCOUNTS**

WMBC reviews client accounts no less often than quarterly. More frequent reviews may be triggered in the event of changes in management style or fund closures. Account reviews are conducted by David Scott Coles – President & OSJ and David Sheldon Coles – Chief Compliance Officer.

At least annually, we meet with the client (either in person or over the phone) to review and update, as necessary, the client's investment profile. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted.

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, we provide clients with periodic performance measurement summary reports, usually on a quarterly basis.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

WMBC receives client referrals for participation in the Program ("Program Participant") through representatives of unaffiliated broker-dealer firms and investment adviser firms (these firms are referred to in this brochure as "Financial Advisory Firm(s)" and their representatives are referred to as the "Financial Counselor(s)"). The Financial Counselor consults with the Program Participants to assess their financial situation and identify their investment objectives in order to implement appropriate strategy(ies) designed to meet the Program Participant's financial needs.

Financial Advisory Firms, which are registered as investment advisers and/or broker-dealers or exempt from such registration, receive fees for their services and compensation from WMBC for referrals of Program Participants. The amount of compensation earned for these referrals may be greater than the compensation that would otherwise be received if the services were provided separately. Accordingly, there may be a greater incentive for these individuals to recommend participation in this program.

### **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that

we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

#### **FINANCIAL INFORMATION**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. WMBC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

WMBC has not been the subject of a bankruptcy petition at any time during the past ten years.