

# West Financial Services, Inc.

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of West Financial Services, Inc. (“WFS” or “the Company”). If you have any questions about the contents of this brochure, please contact us at 703-847-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about WFS is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Material Changes**

Since 2010, the SEC requires material changes to Part 2 of Form ADV to be listed in this section. WFS’ business activities have not changed materially since that time.

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## Advisory Business

WFS is an SEC registered fee-only investment adviser that assists associations, corporations, foundations, trusts, pension plans, and high net worth individuals with financial planning and investment management. Our investment philosophy stresses diversified portfolios tailored to each client's individual circumstances and specific goals. Our investment management goal is to optimize the return on each client's portfolio while keeping within the individual's risk tolerance, time horizon, tax status and wealth objectives.

The Company was founded in February 1982. On October 3, 2005, WFS Acquisition Corp, Inc., a Maryland corporation and wholly-owned subsidiary of Sandy Spring Bancorp, Inc., a Maryland corporation ("SSB"), acquired all of the stock of WFS. WFS still operates under its name, as a subsidiary of Sandy Spring Bank. SSB is the holding company for Sandy Spring Bank, and its principal subsidiaries, Sandy Spring Insurance Corporation and West Financial Services, Inc. Sandy Spring Bank offers a range of commercial banking, retail banking, and trust services to individuals and may refer banking clients to WFS to provide these clients with access to a broader array of financial products and services.

The WFS investment approach stresses diversified portfolios tailored to each client's individual circumstances, including risk tolerance, time horizon, tax constraints and wealth objectives. We maintain a long term view and utilize diversification across global asset classes as the foundation of the portfolio, while incorporating research-driven tactical asset allocation adjustments. For equities, we generally incorporate individual stocks, exchange traded funds and no-load equity mutual funds. Our primary focus with fixed income is preservation of capital. We build a foundation of high quality bonds and ladder the maturities over a short to intermediate time

period so that bonds mature each year. This strategy provides various maturities for reinvestment at different yields or for use of principal to meet future cash flow needs. For fixed income, we generally purchase U.S. Treasury's, governmental agency bonds, municipal bonds, investment grade corporate securities and FDIC insured certificates of deposit. On occasion, WFS may purchase less than investment grade corporate bonds. These bonds are considered to have more default risk than investment grade bonds. Clients may restrict the types and ratings of bonds purchased.

Due to customization of each client portfolio, clients may hold legacy securities and may place restrictions on individual securities or security types.

### **Financial Planning Services**

WFS provides financial planning clients with a five-step process that includes identifying goals, analyzing data, providing recommendations, assisting with implementation, and annually reviewing projected outcomes.

A comprehensive plan starts with a balance sheet to determine net worth and titling of assets. We review cash flow and income taxes to identify areas for improvement. We review existing investments and assess historical performance and personal risk before determining portfolio allocations and suitable investment selections. These core areas of review – balance sheet, cash flow, income tax, and investments – form the basis for our retirement cash flow projections. These projections include a number of assumptions made from discussions with clients regarding financial and retirement goals, as well as previously supplied data. We follow our projections with a discussion of a client's estate planning needs. If a client has existing wills or trusts, we will review and comment on the documents.

A comprehensive financial plan may also include a detailed review of and recommendations in the following areas:

- Insurance,
- Education funding,
- Stock option exercise strategies,
- Business form and succession planning, and
- Any other financial area suggested by a client's needs.

We will meet with clients to review the full plan and follow up with them to help with implementation. We will work with a client's own professionals or refer them to our network of accountants, attorneys, and other professionals. We encourage clients to call at any time with financial questions and concerns, and recommend that we meet for an annual update.

### **Personalized Consulting Services**

WFS offers personalized consulting services to address the unique needs of high net worth individuals. We customize each relationship, attempting to find creative solutions to clients' financial needs while coordinating with other professionals. Fee only advice is independent of any product influence, and we observe strict privacy and confidentiality. We assure that our

consultants are readily accessible and that our services are personalized. Consulting services can include, but are not limited to:

- Asset Management
- Client Specific Projects
- Business Planning
- Education Planning
- Estate Planning
- Financial Planning
- Individual Securities Research
- Investment Management
- Legacy and Philanthropic Planning
- Retirement Planning
- Strategic Planning
- Succession Planning
- Tax Planning
- Venture Deal Analysis

Our collaborative team approach provides customized strategies, strong communication and personalized attention.

### **Pension Consulting Services**

WFS offers 401(k) plan implementation and education. We work with the plan trustees to provide the following initial and ongoing services:

- Establishment of an Investment Policy Statement,
- Analysis, review, and recommendation of investment selections,
- Annual plan reviews,
- Attendance at annual Investment Committee meetings,
- Preparation of participant newsletters,
- Educational meetings for employees, and
- Continuing individual participant support.

Initial mutual fund selection includes a review of fund categories, based on 404(c) guidelines. We then select a specified number of funds based on performance, stability of management, expenses, portfolio mix, and risk. We will prepare a comprehensive, annual review of all current investment options and participation and include recommendations to the plan trustees.

We also work with plan administrators and trustees to set up new plans or change existing providers. This process often involves sending out a detailed request for proposal to a chosen list of third-party administrators. We will then evaluate proposals and present our recommendations to the trustees.

Once a plan is established, we will conduct initial participant meetings to present general retirement planning education and summarize the investment options available in the plan. We continue to make annual or semi-annual presentations to plan participants to provide plan

awareness, investment education, retirement planning advice, and fund performance updates. Additional communication to plan participants includes a newsletter describing the plan investment options and performance. Newsletters also include a market commentary and additional articles of interest and may be prepared either semi-annually or quarterly.

As of December 31<sup>st</sup> 2013, discretionary assets under management by WFS were valued at \$974,603,994, with 568 accounts. Non-discretionary accounts were valued at \$9,982,967, held by 14 accounts.

## **Fees and Compensation**

Clients are billed a fee at the end of each quarter based on custodial market values, a fixed fee, or a standard hourly rate. Fees are billed in arrears.

Our Investment Management fees are as follows:

Up to and including \$2,000,000*	1.00% per annum
Greater than \$2,000,000 up to and including \$4,000,000	0.75% per annum
Greater than \$4,000,000 up to and including \$7,000,000	0.50% per annum
Greater than \$7,000,000 up to and including \$10,000,000	0.40% per annum
Greater than \$10,000,000	0.30% per annum

\* The minimum size for starting an investment advisory relationship is \$1 million, except for existing clients, their families and referrals. Accounts may be aggregated to meet the \$1 million minimum relationship size. We will assess accounts accepted for management that do not meet our \$1 million minimum a 1.25% per annum fee until the \$1 million minimum is reached and the standard fee schedule applies.

We will provide clients a fee invoice. WFS will deduct fees directly from the clients' custodial accounts, as authorized by the client, and we will provide documentation noting the deduction of the fee.

The fees stated above are charged for the investment management, record-keeping, and reporting of security portfolios. We will assess fees for additional services according to the nature of the service and the responsibilities undertaken. An example of such services, but not by way of limitation, includes researching cost basis of securities and assisting with assembling information for individual income tax returns. We will bill between \$75 per hour and \$200 per hour, based on the individual assigned and service provided.

Our Financial Planning fee schedule is as follows:

Licensed CFP® Practitioners	\$200 per hour
Consulting Rate	\$250 per hour

We do not charge for the initial meeting to discuss our services and our fees are not negotiable.

Clients pay brokerage commission costs, plus any SEC fees in addition to the management fees charged by WFS. With respect to mutual funds, clients pay any operating expenses associated with a particular mutual fund. These fees are disclosed in each mutual fund's prospectus. This is in addition to the fees charged by WFS. We provide our services on a fee-only basis. This means that we do not receive compensation based on the purchase or sale of any financial products. We are compensated solely by the client based upon the services that we perform. The Brokerage Practices section of this form includes additional information.

We bill all fees after our services are rendered. WFS or the client may terminate an advisory agreement at any time, with or without cause, upon written notice to the other party.

## **Performance Based Fees and Side-by-Side Management**

The Company does not charge any performance based fees.

## **Types of Clients**

WFS offers advisory services to individuals, associations, corporations, foundations, trusts, pension plans, and high net worth individuals. The minimum size for starting an investment advisory relationship is \$1 million, except for existing clients, their families, and referrals.

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

The WFS investment approach stresses diversified portfolios tailored to each client's individual circumstances. Our investment management goal is to optimize the return on each client's portfolio while keeping within the individual's risk tolerance, time horizon, tax status and wealth objectives.

### **An overview of our approach.**

Since asset allocation is the driving force of portfolio performance, we maintain a long-term view over the entire business cycle. Our portfolios utilize diversification across global asset classes as their foundation while incorporating disciplined, research-driven tactical asset allocation adjustments.

For equities, we utilize a "core and satellite" approach to investing. By using low-cost, core investments in major market indices, we ensure that clients participate in market movements. For the "satellite" portion of the portfolio, we use actively managed mutual funds and exchange traded funds to provide growth and value style exposure. We also purchase individual stocks for additional sector and dividend exposure. Our investment team pays close attention to valuation, establishes well-defined entry and exit points, and uses both quantitative and qualitative due diligence when investigating new investment opportunities.

Our primary fixed income focus is preservation of capital. We build a foundation of high quality bonds and ladder the maturities over a short to intermediate time period so that bonds mature each year. This strategy provides various maturities for reinvestment at different yields or for use of principal to meet future cash flow needs.

WFS does not have custody and is therefore not restricted to proprietary mutual funds or securities. We are able to select mutual fund managers that combine strong, consistent performance with reasonable expenses.

Participation in Initial Public Offerings (“IPOs”) may occur upon specific client request. Allocations of shares to accounts that express interest in IPOs may depend upon the custodian where the account is custodied and the custodian’s relationship with the selling group. Prior to submitting an indication of interest on behalf of a client, WFS may require additional information from the client to ensure the client is not restricted from purchasing IPOs.

Our team of experienced investment professionals meet on a daily basis to review proprietary and external research on macro-economic issues, changes to tax statutes, and due diligence on individual equities, fixed income and mutual funds. Through these meetings, we regularly evaluate the performance of our investments against appropriate benchmarks. We monitor, measure and evaluate performance of our clients’ investments, offer personal meetings to review their accounts and provide quarterly reporting. Investment decisions consider tax consequences as well as transactional expenses.

Investing in securities is inherently risky. An investment in individual securities or in a portfolio of securities could lose money. Investments in stocks, bonds or mutual funds are designed for investors who fully understand the risk of loss could be their entire investment. WFS cannot give any guarantee against loss or that a client will receive return of their investment.

## **Disciplinary Information**

WFS and its employees have not been involved in any legal or disciplinary events that would be material to a client’s evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

WFS and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

However, as mentioned above, WFS is a wholly-owned subsidiary of Sandy Spring Bank and thereby affiliated with Sandy Spring Insurance Corporation, another wholly-owned subsidiary of Sandy Spring Bank. Sandy Spring Bank offers a range of commercial banking, retail banking, investment and trust services to individuals and may refer banking clients to WFS to provide these clients with access to additional services.

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

WFS maintains a written Code of Ethics, which requires personal securities transaction reporting and covers conflicts of interest, relationships with clients and suppliers, relationships with governmental authorities, and relationships with other businesses and employees. A copy of the Code of Ethics is available upon request.

At times, WFS employees or a related person may place personal security orders that coincide with security orders placed for client accounts. Given the customization of each individual

account, the timing of these orders may occur on different days or on the same day. Due to the policy of buying primarily large-cap stocks for clients, WFS believes it impossible for a personal trade to influence the price of a stock. The SEC does not prohibit such trading, but may inquire about the practice. WFS maintains a record of employee's personal securities transactions. All rules and regulations of the Advisers Act are strictly enforced. WFS does not permit insider trading.

## **Brokerage Practices**

### **The Custodians and Brokerages we use**

WFS does not maintain custody of your assets. Your assets must be maintained in an account at a "qualified custodian", generally a brokerage or bank. We require that our clients use either Charles Schwab & Co., Inc. (Schwab), or Fidelity Investments (Fidelity), registered broker-dealers, members SIPC, as the qualified custodian. Not all advisors require clients to use specific broker-dealers. We are independently owned and operated and are not affiliated with Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy or sell securities as instructed by WFS. While we recommend that you use Schwab or Fidelity as custodian, you will decide whether to do so and will open your account by entering into an agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab or Fidelity, we can still use other brokers to execute trades for your account as described below. (See "Your Brokerage and Custody Fees.")

### **How we select Custodians/Brokers**

We seek to select a custodian who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices



- Reputation, financial strength, and stability
- Prior services to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services available to WFS from Schwab and Fidelity”)

### **Your Brokerage and Custody Fees**

For our clients’ accounts that Schwab or Fidelity maintains, Schwab or Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or Fidelity account. This commitment benefits you because the overall commission rates you pay may be lower than they would be otherwise. Schwab and Fidelity may charge a minimum ticket charge per securities transaction, which may be lower if the client elects to receive only electronic statements from the applicable custodian. In addition to commissions, Schwab and Fidelity charge you a flat dollar amount as “prime broker” or “trade away” fee for each trade we have executed by a different broker-dealer but where securities bought or the funds from the securities sold are deposited (settled) into your Schwab or Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab and Fidelity execute most trades for your account. We have determined that having Schwab or Fidelity execute most trades is consistent with our duty to see “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select Custodians/Brokers”).

### **Directed Brokerage**

The Company will accept direction from clients or agree to limitations with respect to the Company’s brokerage discretion as to which broker or brokers is/are to be used and what commissions are to be paid. Any such direction or limitation must be in writing. Clients which, in whole or in part, direct the Company to use a particular broker to execute transactions for their accounts should be aware that, in so doing, they may adversely affect the Company’s ability to, among other things, obtain best price and execution, and the cost of the transaction may be greater. Clients that direct their brokerage should also be aware that Company will generally place such trades after the completion of trades for clients that do not direct their brokerage.

### **Products and Services Available to WFS from Schwab and Fidelity**

Schwab Advisor Services (formerly called Schwab Institutional) and Fidelity Investments provide us and our clients with access to their institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab and Fidelity retail clients. Schwab and Fidelity also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage or grow our business. Schwab and Fidelity’s support services generally are available on an unsolicited basis and at no charge to us as long as our clients collectively maintain at least \$10

million of their assets at Schwab or Fidelity. Following is a more detailed description of Schwab and Fidelity's support services.

**Services That Benefit You.** Schwab and Fidelity brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum investment by our clients. Schwab and Fidelity's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab and Fidelity also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab and Fidelity's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts. In addition to investment research, Schwab and Fidelity also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record-keeping and client reporting

**Services That Generally Benefit Only Us.** Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management
- Access to employee benefit providers, human capital consultants and insurance providers

Schwab and Fidelity may provide some of these services themselves. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab and Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Schwab and Fidelity may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab and Fidelity's Services**

The availability of these services from Schwab and Fidelity benefits us because we do not have to produce or purchase them. We believe, however, that our selection of Schwab and Fidelity as custodians and brokers is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab and Fidelity's services (see "How We Select Custodians/Brokers") and not Schwab and Fidelity's services that benefit only us.

Our investment research is performed using many sources and has no effect upon which custodian or broker/dealer is used to process security transactions. All client accounts benefit from research performed. WFS limits its use of soft dollars to arrangements falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only bona fide research that provides assistance to WFS in the performance of its investment decision-making responsibilities is accepted in exchange for commission offsets. WFS currently maintains one soft dollar relationship with Schwab for the provision of a Bloomberg terminal. WFS may have an incentive to select Schwab because it receives such services. WFS does not consider whether it or a related person receives client referrals from a third party when selecting or recommending broker dealers.

WFS may aggregate purchase and sale orders of investments held by client accounts managed by WFS with similar orders being made simultaneously for other accounts or entities if, in WFS's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that they will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for clients will be affected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at WFS's sole discretion, and the client account may be charged or credited, as the case may be, with the average transaction price.

### **Trade Error Policy**

From time-to-time WFS may make an error in submitting a trade order on your behalf. When this occurs, WFS may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any \$100 and over to charity of their choice. If a loss occurs greater than \$100, WFS will pay for the loss. Schwab will maintain the loss or gain (if such gain is retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

If a trade error should occur in a Fidelity account, gains will remain in the client account. WFS will not keep any gains resulting from trade errors at any broker-dealer and in no circumstances will a client bear a loss due to a trade error. WFS will maintain documentation to form an audit trail of all trade errors to substantiate the course of action to correct such errors.

WFS does not participate in cross trades.

For additional information, please refer to “Your Brokerage and Custody Fees” section above.

## **Review of Accounts**

We review accounts on two different levels, including a top down and bottom up review. Our daily strategy meeting that discusses financial, economic, and security-specific news, as well as security price movements and trading volume, drives top down reviews. Portfolio management teams determine and implement daily strategy. In general, bottom up reviews are done on a monthly basis to review asset allocation and the overall integrity of client portfolios. Factors that may prompt more frequent reviews include account contributions and withdrawals and large movements in the market. A change in a client’s circumstances, such as a divorce, death, etc. will also trigger a review.

Accounts are reviewed in teams consisting of a Relationship Manager, Portfolio Manager, and the Director of Fixed Income.

Account reviewers include the following:

Glen J. Buco	President, Senior Vice President, SSB
Kimberly A. Cox	Director of Consulting Services, Chief Operating Officer & Senior Vice President, SSB
Norma L. Graves	Director of Fixed Income, Chief Compliance Officer & Vice President, SSB
Susan E. Hamilton	Relationship Manager & Senior Financial Planner
Brian L. Mackin	Portfolio Manager
Kirstie B. Martinez	Director of Portfolio Management
Jeremy L. Meek	Portfolio Manager
Marie A. Nuon	Portfolio Manager
Glenn A. Robinson	Director of Equity Research, Chief Investment Officer
Dana G. Sippel	Relationship Manager & Vice President, SSB

Clients generally receive monthly, but no less than quarterly, account statements directly from custodians. Clients receive account statements from WFS quarterly, or more frequently if requested. The custodian sends trade confirmations directly to the client.

## **Client Referrals and Other Compensation**

WFS is directly compensated by the clients and does not receive any economic benefit from any other sources.

WFS has entered into an agreement with Strategic Advisors, Inc. (“SAI”) as part of Fidelity to participate in their referral program, Fidelity Wealth Advisor Solutions, which is designed to help investors find an independent professional investment manager in their area. WFS does not charge Fidelity clients, who are introduced by the referral service, fees or costs greater than fees or costs WFS charges its advisory clients who were not introduced by Fidelity, and who have similar portfolios under management with WFS. WFS does pay a fee to Fidelity to participate in the referral program. WFS is independent of SAI and Fidelity and is not affiliated with either.

In addition to meeting the participation criteria for the program, Fidelity Wealth Advisor Solutions, WFS may have been selected for participation in the program as a result of other business relationships with SAI and its affiliates. WFS has agreed not to solicit SAI clients to transfer their brokerage accounts from affiliates of SAI or establish additional brokerage accounts at other custodians other than when WFS’ fiduciary duties would so require.

WFS pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Charles Schwab & Co., Inc. Custody Fee (“Schwab Custody Fee”) on all accounts that are maintained at or transferred to another custodian. The Participation Fee paid by WFS is a percentage of the fees the client owes to WFS or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. WFS pays Schwab the Participation Fee for as long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to WFS quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by WFS and not by the client. WFS does not charge clients referred by Schwab fees or costs greater than the fees or costs WFS charges clients with similar portfolios who were not referred by Schwab.

WFS could be required to pay the Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from, Schwab at the discretion of WFS. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Schwab Custody Fee is higher than the Participation Fees WFS generally would pay in a single year.

The Participation and Schwab Custody Fees are based on assets in the accounts of WFS clients who were referred by Schwab and those referred clients’ family members living in the same household.

Participation in the Fidelity and Schwab referral programs may raise potential conflicts of interest regarding best execution of trades. Clients referred to WFS by the Fidelity and Schwab referral programs will most likely, though not necessarily, use Fidelity and Schwab as the custodian. Trades for client accounts held in custody at Fidelity and Schwab may be executed through a different broker/dealer. WFS acknowledges its duty of best execution for its clients. Fidelity and Schwab’s fees for trades executed at other broker/dealers are in addition to any fees charged by the other broker/dealer.

WFS invites referrals from the SSB family of companies. WFS does not charge clients introduced by the referral sources at SSB fees or costs greater than fees or costs WFS charges its advisory clients who were not introduced by SSB and who have similar portfolios under management with WFS.

## **Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers, but WFS can access many clients' accounts through its ability to debit advisory fees. For this reason, WFS is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to the account information provided by WFS.

## **Investment Discretion**

Clients may place reasonable limitations on the discretionary authority of WFS, unless limited by agreements with the custodian, subject to WFS' approval. WFS is authorized to purchase, sell, exchange, convert, exercise, or trade in stocks, bonds, mutual funds, and any other securities on each client's behalf.

## **Voting Client Securities**

Notwithstanding WFS's discretionary authority to make investment decisions on behalf of clients, WFS will not exercise proxy voting authority over client securities. Clients are instructed to inform their custodian that WFS should not be designated as the party to receive information on voting proxies. The obligation to vote client proxies shall at all times rest with clients. Clients shall in no way be precluded from contacting WFS for advice or information about a particular proxy vote. However, WFS shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients. Should WFS inadvertently receive proxy voting information for a security held in clients' accounts, WFS will immediately forward such information on to clients, but will not take any further action with respect to the voting of such proxy. Upon termination of an advisory relationship, WFS shall make a good faith and reasonable attempt to forward proxy and class action information inadvertently received by WFS to the forwarding address provided by the client.

This policy does not apply, however, to consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options, or redemption. Some custodians enable clients to give WFS authority to make decisions regarding these matters. If WFS is given such authority, such decisions, while considered not to be covered within the proxy voting policy, shall be made with the clients' best interests in mind. For those clients for which WFS is not granted such authority, WFS will have no responsibility to make decisions.

WFS monitors for class actions involving securities held by WFS clients. Portfolio Managers will advise Clients on whether to (a) participate in a recovery achieved through class actions, or (b) opt out of the class action and separately pursue their own remedy. WFS will oversee the completion of Proof of Claim forms and any associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. WFS does not serve as the lead plaintiff in class actions.

## **Financial Information**

WFS does not require prepayment of fees. WFS has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.