

## **Part 2A of Form ADV: Firm *Brochure***

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**March 31, 2011**

**This brochure provides information about the qualifications and business practices of WESPAC Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at one of the numbers listed above and/or send a message to [advisory@wespac.net](mailto:advisory@wespac.net). 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 WESPAC Advisors, LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

## **Item 2 - Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which requires amendments to the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 26, 2011, is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in content and structure and requires certain new information that our previous brochure did not require. We urge you to read it carefully.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at, (800) 535-4253 or (510) 287-5255 or by email at [advisory@wespac.net](mailto:advisory@wespac.net).

Additional information about WA is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with DCM who are registered, or are required to be registered, as investment adviser representatives of DCM.

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#### Item 4 - Advisory Business

- A. WESPAC Advisors, LLC (WA) registered with the Securities & Exchange Commission as an investment adviser in 1995 and is headquartered in Oakland, California, with additional offices located in Pasadena, California and Reno, Nevada. WA has been wholly owned by Focus Financial Partners, LLC through its subsidiary Focus Operating, LLC and Summit Ventures V-IA, L.P. since July 2008.
- B. WA has two primary lines of business – providing investment advisory and fiduciary oversight services to self-directed retirement plans, and managing assets directly in separately managed accounts. Services may be customized depending on the client's needs.

WA provides investment advisory services to the plan sponsors of self-directed retirement plans to plan, develop, design, implement and administer an investment program based on the client's goals and needs. This typically includes providing the client with a formal investment policy statement, analyzing and recommending the mutual funds and asset allocation portfolios to be included on the plan investment menu, monitoring those selections on an ongoing basis, and providing investment advice to the plan participants through group meetings, individual meetings or phone consultation. The plan sponsor is sent a report each quarter and investment data and financial tools are available to participants through WESPAC's interactive participant website. WESPAC will also take on the role of co-fiduciary or designated fiduciary over the plan assets as a way to shield the plan sponsor from investment liability with respect to participants (this is the fiduciary oversight referred to above). For high net worth investors, trustee-directed plans (typically defined benefit pension plans), trusts, and corporations, WESPAC manages accounts directly. WA's advisory service includes consulting as to the objectives, asset allocation and needs of the clients. WA then may utilize the advisory services of another registered investment adviser to manage certain types of securities portfolios, such as equities, bonds or other types of securities. WA selects such advisers based on careful consideration of the adviser's performance history and management style. These advisers are referred to as "sub-advisers." Please refer to other sections in the Brochure which discuss important information regarding these sub-advisory relationships.

- C. Once the client's risk and return objectives are determined through consultations and/or investment policy questionnaires, the appropriate asset allocation will be implemented. Clients with similar risk and return objectives will have these allocations implemented uniformly using individual securities, exchange traded funds, mutual funds, or various combinations thereof. WA can further tailor a portfolio to a client's specific needs as it may apply to restricting certain types of securities or holding legacy assets. Typically clients stipulate any restrictions or special instructions in WA's written investment management agreement entered into with the client.

D. WA does not take part in any wrap fee programs.

E. As of 12/31/2010, WA managed \$559,750,000 on a discretionary basis, and \$67,849,000 on a non-discretionary basis.

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

A. As full compensation for investment advisory services, WESPAC charges the following maximum investment management fees based on an annual percentage of total asset values: Maximum Fee Schedule:

	Portfolio Asset Value	Annual Fee Rate
First	\$1,000,000	1.25%
Next	\$1,000,000	1.15%
Next	\$1,000,000	1.05%
Next	\$2,000,000	0.95%
Over	\$5,000,000	0.85%

In addition, for retirement plans, there is a one-time account set up fee of \$250 due and payable at account establishment.

Fees are negotiable and may be waived in certain circumstances, such as is the case for employee accounts. Higher negotiated fees may be charged to a client depending on the complexity of the client's financial situation. The fee charged by WA includes any advisory fees of any sub-advisers; that is, WA pays any sub-advisers directly from the advisory fees paid to WA.

B. Clients typically grant WA authority to deduct its fees directly from client's account. However, WA will also bill directly for fees if that is a client's preferred option. Fees are billed quarterly in advance and calculated based on the market value (provided by each client's independent custodian) of each client account as of the last day of the applicable quarter.

C. WA's fees do not include brokerage commissions or securities transaction fees charged by client's custodian (the custodian must be a "qualified custodian" as required by applicable regulatory requirements) and/or broker-dealer, or custodial fees. Investment companies (mutual funds, ETFs, etc.) in which a client's assets may be invested charge additional management fees and other expenses as described in the fund's prospectus. Please also refer to Items 12-15 of this Brochure for more information regarding our brokerage and trading practices.

D. Because WA charges fees in advance, any clients who terminate our advisory services during the course of a quarter will receive a pro-rata refund for any unused pre-paid portion of any advisory fees based on how many days remain in that calendar quarter. The pro-rata refund is calculated from when WA receives a notice of termination.

Client's custodian and/or broker-dealer provides quarterly account statements directly to the client that reflect all transactions in client's account(s), including the amount of any advisory fee deducted. Client is responsible for verifying the accuracy of the fee

calculation, as Client's custodian does not determine whether or not the fee was properly calculated.

WA does not accept physical custody of clients' securities or cash. Clients will retain ownership of all securities and cash in their accounts. Fees are based on the portfolio market values provided by the custodians. Accounts managed by a sub-advisor are also valued by the custodians' market values. The type of account that is managed by a sub-advisor is a separately managed account where the portfolio manager has discretionary trading authority such as an individual brokerage account or traditional pension plan. There are no hard-to-price holdings and WA itself does not price any holdings.

In connection with WA managing a client account, clients will be subject to brokerage fees charged by our custodians (Charles Schwab & Co., Inc. and TD Ameritrade). In cases where clients are set up to receive electronic confirmations, clients will generally pay an \$8.95 flat commission rate for equity trades. However, if the client is not set up for electronic confirmations or does not have household assets of \$1 million or more with the custodian, higher brokerage fees may apply. WA will provide a detailed commission schedule upon request. For fixed income trades, clients may pay a \$25 fee to trade away under a prime brokerage arrangement where WA may choose to utilize outside fixed income brokers to obtain better pricing for the client. To the extent that WA uses any mutual funds in the management of a client account, the internal operating expenses of the mutual funds will be netted out of any returns that accrue to the client.

WA and/or its supervised persons may receive commissions from the recommendation and sale of insurance products used in conjunction with our financial planning services. This practice does present a conflict of interest and gives WA and its supervised persons an incentive to recommend products based on the compensation received rather than on a client's needs. However, clients are under no obligation to use such products and have the option to purchase the same products through unaffiliated firms or agents. Commissions do not provide primary or exclusive compensation as WA is paid primarily by its advisory fees. Our advisory fees are not reduced or offset by commissions.

Investment advisory services of a non-discretionary, non-continuous nature are offered on a flat fee basis and on an hourly basis; fees are negotiable, but the standard rate is \$150 hour. Fees are invoiced and payable immediately after the services are rendered.

Termination of the investment advisory agreement may be initiated by either the client or WESPAC at any time by notification in writing. In the event of non-payment of management fees for a period of 30 days after invoice date, WESPAC reserves the right with prior written notice, to cease performance of account supervision and management functions.

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

WA does not have any arrangements where we charge performance based fees.

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

WA works with a variety of different types of clients – the plan sponsors of self-directed and trustee-directed retirement plans, individuals, testamentary trusts, corporations and other forms of business entities. Exceptions may be made, but the minimum capital for starting an account is generally \$250,000 for an individual or trustee-directed retirement plan, or \$50,000 for a self-directed retirement plan.

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

WA engages in various types of analysis and research to assist in formulating investment advice for clients through the strategies that WA manages. We utilize fundamental research obtained through Standard & Poor's, William O'Neil, Argus, and Schwab, among others. We also use technical research obtained through Dorsey, Wright & Associates, one of the primary proponents of point & figure charting, a type of technical analysis that looks at the movements of security prices on charts. The synthesis of these types of analysis help us decide in which securities we want to invest based on their overall valuation levels and growth stories. In addition, it also helps us to determine price targets, good entry points for various securities, areas of relative strength in the financial markets, and proper price levels to set stop loss points in portfolios where we may to engage in risk management.

Clients need to be aware that investing in portfolios of equity securities exposes them to the risk of substantial loss. In fact, 3 times in the past 10 years (2001, 2002, and 2008) many market participants heavily invested in equity securities experienced double-digit losses, with 2 of those being losses of 20%+.

#### **Item 9 - Disciplinary Information**

The following management personnel of WA have disciplinary events that could be material to a client's or prospective client's evaluation of our firm; Nelson Chia, Gregory Christian, Robert Perussina Tom Lambert and Ronny Ortiz, the details of which can be found on FINRA's BrokerCheck system at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Six associates in WESPAC's Pasadena office (Peter Chen, Wade Perry, Morgan Gough, Ray Baker, Joe Traba, and Coco Lorenzo) are registered representatives with Sentinel Securities, Inc., the broker-dealer affiliate of a WESPAC affiliate (a partner firm under common ownership with Focus Financial).

WESPAC is a wholly owned subsidiary of Focus Operating, LLC, which is a subsidiary of Focus Financial Partners, LLC ("Focus"). Focus also controls other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial services firms (the "Focus Affiliates"). The Focus Affiliates may provide, among other services, wealth management, benefit and other investment consulting services that may serve individuals, families, employers, and institutions. Some Focus Affiliates also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV.

Certain related persons of WESPAC are licensed agents of a WESPAC affiliate, WESPAC Benefits & Insurance Services, LLC ("WBIS"), an insurance brokerage firm. To the extent that a client purchases insurance from a WESPAC related person, WBIS and/or the related persons may receive commissions from the applicable insurance company. Advisory clients should understand this represents a conflict as there is an incentive for these persons to recommend products for which they receive compensation. However, clients are under no obligation to utilize these services.

WESPAC and its related persons will refer clients who request qualified retirement plan administrative and record-keeping services to its affiliate, WESPAC Plan Services, LLC ("WPS"). WPS is owned by the persons who also own WESPAC. WPS and its clients enter into an administration agreement and the clients pay WPS a separate fee. WESPAC and its related persons may receive fees from these plans for supervising the plan's portfolio and recommending investments to be made available to plan participants. Advisory clients should understand this represents a conflict as there is an incentive to recommend such affiliates for administrative and recordkeeping services as there is economic benefit due to the receipt of compensation by the affiliates and or the related persons. Advisory clients are under no obligation to utilize these services.

Fusion Asset Management ("FAM"): Over the past several years, WESPAC has sub-contracted this Reno, NV firm to manage client portfolios. FAM uses a variety of technical indicators and fundamental screens to manage its strategies, which include various sector rotation, market timing, and equity-income portfolios. The investment consultant, working with the client, will determine the most suitable portfolio strategy for a client based on that client's individual facts and circumstances. That strategy may be a strategy managed by FAM, a strategy managed in house by WESPAC, or a combination thereof. FAM also manages the equity portion and part of the fixed income portion of the WESPAC Collective Investment Funds ("CIF's") offered to self-directed retirement plan clients for whom WESPAC is the investment advisor.

WESPAC Plan Services, LLC, the plan administration and recordkeeping affiliate of WA, receives a 20 bps (0.20%) annual shareholder servicing fee for any assets invested in the WESPAC Collective Investment Funds (CIF's) managed by Fusion Asset Management. This fee is paid by Hand Benefits & Trust, a firm out of Houston, TX who does administration and valuation of the CIF's. Advisory clients should understand this represents a conflict due to the receipt of the servicing fee. Clients should also understand that they are under no obligation to use the WESPAC CIF's and that there are other alternatives that they may use.

American Independence Financial Services ("AIFS"): Currently, FAM subcontracts AIFS to manage part of the fixed income portion of the WESPAC CIF's. In combination with some qualitative indicators, this New York, NY firm uses a proprietary quantitative model to attempt to predict the direction of interest rates each month, and then AIFS will structure its treasury portfolios accordingly.

The Decathlon Fund, L.P. ("Decathlon") is a Delaware limited partnership which operates as a hedge fund that has not been registered under the Securities Act of 1933, as amended, or any state securities laws. Independence Capital Management, LLC (SEC File No. 801-63746), a subsidiary of Schneider's Capital Management, LLC (SEC File No. 801-61219), is the Advisor to the fund. WESPAC does not participate in its



management. Nonetheless, clients who seek an alternative investment product may be referred by WA to the Decathlon Fund. Only accredited investors may participate in the fund. When WESPAC refers clients to Decathlon, there is a 50/50 investment advisory fee split which is disclosed to the client at the time of engagement (client must sign a disclosure acknowledgement). The Decathlon Fund has a different fee schedule - 2% management fee plus 20% incentive fee. Clients will receive unaudited quarterly account reports prepared by the Fund and audited financial statements prepared by Lucas, Horsfall, Murphy, & Pindroh, LLP of Pasadena, CA, a PCAOB registered independent accounting firm. Audited financials are provided investors within 120 days of the fund's fiscal year end as required by SEC rules. The fund trades through Merlin Securities LLC, which is the introducing broker to Goldman Sachs and custodies its assets at Goldman Sachs Execution & Clearing L.P. and Pershing LLC - Bank of New York. Clients should understand there are other alternative investments available, with lower fee schedules, and that WA has a conflict in recommending Decathlon due to the receipt of this compensation.

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

A.WESPAC has adopted a Code of Ethics (the "Code") for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. WESPAC and its personnel owe a duty of loyalty, fairness, and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes and gifts and entertainment reporting responsibilities. WESPAC will provide a copy of the Code of Ethics to any client or prospective client upon request.

1. Associated persons of WESPAC may not trade in securities for their own accounts in a manner contrary to recommendations made to or action taken on behalf of clients of WESPAC, where the effect of such trading, recommendations, or action may be to affect the price of the securities involved;
2. Associated persons of WESPAC may not purchase or sell securities for their own accounts or for client accounts which would involve the use of material, non-public information in violation of applicable laws; and
3. Associated persons of WESPAC will at times buy or sell securities that are also recommended to clients. In situations where WESPAC employees purchase or sell securities for their own accounts on the same day that transactions in such securities are affected for clients of WESPAC, the price paid or realized by WESPAC employees may not be more advantageous than the worst price at which the Client transactions are affected.

#### **Item 12 - Brokerage Practices**

WESPAC Advisors has a long standing relationship with Charles Schwab & Co., Inc. (Schwab) and most of our client accounts are custodied there. Schwab is primarily where WESPAC has placed client accounts since we started as an RIA in 1995. Over the past year or so, we have begun to do business with TD Ameritrade (TDA) and have started to build a relationship there. We also have some accounts with TDA.

WESPAC's relationship with Schwab pre-dates us having a formal advisory practice, as we already had a relationship with them for our retirement plan practice as a third party administrator and record keeper. This is a relationship that goes back to the early 1990's. Aside from any other factors why we would choose Schwab or TDA as our custodians, their order execution is excellent. The most recently available statistics from this past year show that both firms surpassed the market maker averages in virtually every measurable way, from execution speed to percent of shares priced improved.

In addition, WESPAC through both custodians has access to a lot of tools and research that helps us to help our clients. Through Schwab, we have access to some of the most respected research in the industry, including Schwab's own equity research, as well as research from Credit Suisse, Standard & Poor's, Argus, and Ned Davis. In addition, because of Schwab pioneering mutual fund supermarket, we have access to literally thousands of mutual funds from hundreds of fund families. Schwab also has their own in house mutual fund research and provides a "select list" of mutual funds that trade on their platform that can sometimes assist in screening funds for clients.

Finally, because of our relationship with Schwab, we are often able to qualify for third party discounts to various products or services that otherwise might be too expensive. For example, we receive a 50% discount on Zephyr Style Advisor, the industry's premier style analysis software program, meaning that we pay \$7,500 annually instead of \$15,000. We also receive a discount on Morningstar products. These are things that are directly helpful in servicing clients.

TDA offers many of the same services to advisors that Schwab does, including access to various research services like S&P, First Call, and Argus. They actually offer more mutual funds on their fund supermarket platform and you can trade many ETF's with no commission charges. Both firms are currently offering WESPAC Advisors \$8.95 flat trading commissions for on-line trading, which are among the lowest in the industry.

#### **Item 12A.1. - Research and Other Soft Dollar Benefits**

WESPAC Advisors has a relationship with William O'Neil Company, Inc. and we use one of their database products. WONDA is an acronym for William O'Neil Direct Access which is a proprietary computer-based research tool incorporating state-of the art screening capability on over 3000 data items combining fundamentals, earnings estimates, industry group statistics, corporate data and technical tools for Institutional Investors. We have 24-hour access to the database seven-days-a-week on over 10,000 equities (domestic and global), over 150 market indicators and the 11 major economic sectors. We have created our own custom screens to fit the various objectives of the portfolios we manage although we do receive real-time market commentary and ideas from the sales representative there who covers our account. Additionally, with the large client base of RIA's they service they provide above average execution capabilities. The service has pre-defined screens, ranking and custom fundamental and technical data

blocks. Access is via the internet and they have a 24-hour technical support team on call 24/7 if problems arise. We believe this is the most comprehensive, cost-efficient method to get timely “scrubbed data” to make informed investment decisions on behalf of our customers at a fraction of the price of other “unbundled” services. Independent services covering fundamental, technical, corporate and quantitative data would run into the hundreds of thousands of dollars if purchased separately compared to the roughly \$28,000 we pay for this service. By using “soft dollars” this reduces the fee WA would otherwise have to pay for this research.

When we use your brokerage commissions (or markups or markdowns) to obtain research or other products or services, WA receives a benefit because WA does not have to produce or pay for the research, products or services itself. Therefore, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your interest in receiving most favorable execution. Clients should understand that because of this relationship, WA may cause clients to pay higher commissions than those charged by Schwab or TD Ameritrade. When executing trades through William O'Neil Company, Inc., clients will pay \$15/trade plus \$0.05/share in commission fees. All Pasadena clients are asked to sign a prime brokerage form consenting to these commission charges and allowing the portfolio managers in that office to trade away on their account at William O'Neil Company. Clients are under no obligation to sign the form. All the Pasadena clients are serviced using the benefits of these soft dollars, and the Pasadena office does seek to allocate the soft dollar benefits proportionately in relation to the credits the accounts generated.

#### **Item 12A.2. - Brokerage for Client Referrals**

WESPAC Advisors receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through WESPAC's participation in Schwab Advisor Network (the “Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with WESPAC. Schwab does not supervise WA and has no responsibility for WESPAC's management of clients' portfolios or WA's other advice or services.

WESPAC pays Schwab fees to receive client referrals through the Service. WESPAC's participation in the Service may raise potential conflicts of interest described below. WESPAC pays Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by WESPAC is percentage of the value of the assets in the client's account. WESPAC pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to WESPAC quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by WESPAC and not by the client. WESPAC has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs WESPAC charges clients with similar portfolios who were not referred through the Service.

WESPAC generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not

to maintain custody at Schwab. The Non-Schwab Custody Fee is a onetime payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees WESPAC generally would pay in a single year. Thus, WESPAC will have an incentive to recommend that client accounts be held in custody at Schwab. Also, WA may have an incentive to select or recommend Schwab based on its interest in receiving client referrals, rather than on its clients' interest in receiving most favorable execution.

### **Item 12A.3. - Directed Brokerage**

Generally, WESPAC is retained by clients on a discretionary basis and authorized to determine and direct execution of portfolio transactions, without consultation with the client on a transaction by transaction basis. However, the client may limit discretionary authority in terms of type or amount of mutual funds and other securities to be bought or sold. WESPAC does not request the discretionary authority to determine the broker dealer to be used or the commission rates (or markups/markdowns in the case of fixed income securities) to be paid in these situations.

WESPAC, however, does not have discretion as to the broker dealer to be used for executing trades. Clients must direct WESPAC as to the broker or dealer to be used. In directing the use of a particular broker or dealer, it should be understood that WESPAC generally does not have authority to negotiate commissions among various brokers or obtain volume discounts; however, from time to time depending on the circumstances, WESPAC may be able to negotiate lower commissions through certain brokerage houses and prime brokers.

As a business practice, WESPAC prefers to use Charles Schwab and TD Ameritrade as its custodians and brokers and usually requests that the client direct WESPAC, in writing, to use one of these firms. Furthermore, clients should understand that WESPAC may receive referrals from Schwab and that such referrals create a conflict of interest. Although the commissions paid by WA's clients shall comply with WA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where WA determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although WA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Clients should understand that as a result, they may pay higher commissions than available with other broker dealers as a result of the referral.

For clients who are invested in the same strategies, we aggregate the purchase and sale of securities through block trading.

Schwab also pays for various investment and professional related research materials, software programs, publications, newsletters, website maintenance fees, educational seminars for clients and staff, and registration fees for attendance at professional and technical conferences and seminars.

Not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

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

Investment Management accounts are reviewed quarterly or more often, as requested by the client or as dictated by certain triggering events. Triggering events include, but are not limited to: changes in clients' circumstances, federal or state legislation, regulatory and political events such as changes in monetary policy, interest rates, large market fluctuations, mergers, rating agency changes and corporate restructuring.

Generally speaking, the client's assigned consultant will review the client accounts each quarter, but this may also be done by the portfolio manager. Clients will receive from their custodian trade confirmations and monthly statements. WESPAC provides clients with a quarterly report that typically includes the following information: Portfolio value at the beginning and end of the quarter, contributions, withdrawals, realized capital gains and losses, interest, dividends, management fees, and time-weighted rate of return for the quarter and year to date. Reports may (but not always) include a letter written to the client and/or market commentary. The custodial broker dealer or trust company will provide the client with a form 1099 after the close of each calendar year.

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

From time to time, WESPAC enters into written agreements with certain individuals and entities who will act as solicitors of client accounts for WA in accordance with the requirements of SEC Rule 206(4)-3 of the Advisors Act. The individual or entity who solicits the client account will receive a portion of the total fee paid to Advisor for managing the account. Unless the solicitor is an officer, director or employee of WESPAC, he or she will provide each client with certain disclosure documents including a "Solicitor's Disclosure Statement" which, among other things, sets forth the amount of the fee paid by Advisor in connection with the client referral.

The referral agreements between WESPAC and its solicitors are designed to comply with SEC Rule 206 (4)-3 of the Investment Advisors Act of 1940. Rule 206(4)-3 specifies certain standards that must be met by an investment advisor and any person who solicits any client for, or refers any client to, such advisor prior to the payment of a cash fee directly or indirectly, for client solicitation or referral. The fees paid to solicitors are a portion of the advisory fee paid to WESPAC. Clients do not pay a higher fee as a result of this relationship.

### **Item 15 - Custody**

WA does not have physical custody of client assets, but does usually have the authority to debit fees directly from client accounts. Because WA uses third party custodians like Schwab and TD Ameritrade for client accounts, clients will receive account statements

from those entities and should carefully review them. We urge clients to compare the portfolio performance reports that WA sends out on a quarterly basis to the account statements that they receive from the custodians and to review custodial statements for fee calculations.

#### **Item 16 - Investment Discretion**

Generally, WA is retained on a discretionary basis and authorized to determine and direct execution of portfolio transactions, without consultation with the client on a transaction by transaction basis. However, the client may limit discretionary authority in terms of type or amount of mutual funds and other securities to be bought or sold. Prior to WA assuming discretionary authority, we will have clients execute a client service agreement, an investment policy questionnaire (or statement of suitability), and a limited power of attorney.

#### **Item 17 - Voting Client Securities**

Clients may choose to have WESPAC vote proxies on its behalf. This is the standard arrangement that we have with clients whose accounts we vote on a discretionary basis. In this regard, WESPAC has a proxy voting responsibility and written policy, which is sub-contracted to another firm. WA currently engages Broadridge, a third party proxy voting vendor, for its ProxyEdge service. This third party service provider automatically votes on securities held in WA client accounts based on research provided by one of their partner firms, Glass Lewis. Through this outside service provider, WESPAC's policy is to vote proxies in the best interest of its clients. WESPAC attempts to consider all aspects of its vote that could affect the value of the underlying securities held in client accounts and will vote proxies in a manner it believed consistent with efforts to maximize the value of the client's portfolio.

From time to time conflicts may arise in the proxy voting process. When this occurs, WESPAC will follow its written procedures to resolve any conflicts and vote in the best interests of the Client accounts. Clients may also request that proxies be voted a certain way. In the event that this conflicts with the way that WESPAC would vote, the client may be instructed to vote the proxy vote directly. Upon request, at any time a client may receive a copy of WESPAC's Proxy Voting Policy as well as a record of how each proxy pertaining to a Client account was voted. Client may request the proxy voting policies as well as the voting record via written request to WESPAC Advisors, LLC, 2001 Broadway, 2nd Floor, Oakland, CA 94612.

#### **Item 18 - Financial Information**

The SEC requires advisers who require prepayment of advisory fees of \$1,200 or more, six months or more in advance, to provide a balance sheet. WA does not require or solicit prepayment of more than \$1,200 in fee per client, six months or more in advance. In addition, WA has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition anytime in the past 10 years.

**Item 19 - Requirements for State-Registered Advisors**

This is not applicable since WA is not registering with any state securities authorities.