

**AP Wealth Management, LLC**

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**FORM ADV PART 2A  
BROCHURE**

**This brochure provides information about the qualifications and business practices of AP Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 706 364-4281. 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 AP Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for AP Wealth Management, LLC is 156417.**

**AP Wealth Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

**The full brochure is available on our website at [www.apwealth.com](http://www.apwealth.com) You can also call us at 706 364-4281 and we will mail or email a copy to you.**

## Material Changes

AP Wealth Management, LLC is filing its registration with the SEC by virtue of being a large advisory firm that has regulatory assets under management in excess of \$100 million.

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#### **ITEM 4 Advisory Business**

Form ADV Part 2A, Item 4

AP Wealth Management provides financial planning and investment management services. The firm was formed effective January 1, 2011 and began operating under the new name on May 9, 2011. AP Wealth Management, LLC is equally owned by Eugene Francis McManus, John Parker Rhodes and William Patrick Fair.

AP Wealth Management provides financial planning services for high net worth individuals and families through our Lifetime Financial Solution process. We analyze all aspects of a client's financial situation and provide recommendations and solutions that enable our clients to meet their financial goals. Upon engagement we begin an extensive interview process with the client to understand their current situation, inventory their assets and liabilities, and learn about their attitudes and goals. Over the course of data gathering and several meetings an online portal is developed that aggregates their financial plan, their assets and liabilities and their documents. The initial fee (usually between \$5000 and \$12000 depending upon the complexity of the case) provides for 12 months of consultation and advice. After 12 months there is an annual fee (usually between \$1000 and \$3000) to retain AP Wealth for consultation and for AP Wealth to continue to maintain the client's web portal.

The firm provides investment advisory services for high net worth individuals, families, and also institutions such as charitable organizations, churches, schools, etc. We manage accounts on a discretionary basis utilizing open end mutual funds, closed end funds, exchange traded funds (ETFs), individual stocks and individual bonds, structured notes, and non-publicly traded REITS. These accounts are custodied at Charles Schwab Institutional.

We create a risk/reward profile for each client in order to construct or recommend portfolios that will be suitable for our clients. Clients may impose restrictions on investing in certain securities or types of securities.

AP Wealth Management also develops model portfolios for inclusion in business' 401k/profit sharing plans. We charge an advisory fee based on the assets in the plan for this service. This accounts for our non-discretionary assets under management.

The firm does not participate in wrap fee programs by providing portfolio management services.

The firm manages \$102,911,812 on a discretionary basis and \$3,488,013 on a non-discretionary basis. These figures are as of December 31, 2016.

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

Form ADV Part 2A, Item 5

Financial Planning services are provided on a fee for engagement basis. The base fee is \$5000 and may be more depending on the complexity of the client's financial matters. After the initial 12 month engagement period, the annual ongoing engagement fee is one half of the initial engagement fee. We also may consider engagements on an hourly basis at the rate of \$250 per hour. If the client or AP Wealth Management terminates the contract, the client will be refunded any prepaid fees. This will be calculated as follows: Amount of prepaid fee minus (hours spent by APWM multiplied by \$250 per hour).

Investment advisory fees are based on assets under management. The fees are billed quarterly in advance.

Fee schedule for discretionary accounts managed by AP Wealth Management:

First \$1,000,000	1.45%
Next \$1,500,000	1.25%
Next \$2,500,000	1.00%
Above \$5,000,000	0.75%

These fee schedules as well as our fees for advising on non-discretionary assets are negotiable.

We deduct fees from clients' assets. Fees are billed and deducted quarterly. Fees for accounts managed by AP Wealth Management are billed for the upcoming calendar quarter based on the account value at the end of the most recent calendar quarter.

The calendar quarter in which an account is funded is billed in arrears based on the initial amount funded and prorated for the portion of the quarter in which the account was funded. Additional contributions to accounts are initially billed in this same manner.

Open end mutual funds, exchange traded funds, and closed end funds all have management and operational expenses which the client will bear. Some mutual fund purchases incur transaction charges of up to \$50 which the client will bear. Securities purchases will incur transaction charges up to \$30. Some accounts, particularly retirement accounts, may be charged annual custodial fees. AP Wealth Management, LLC does not participate in any of these fees.

Terminated accounts will have unearned fees rebated based on the following formula: Number of days left in quarter / 92 times Amount billed for the quarter.

We also generate revenue from the sale of life insurance, long term care insurance and disability insurance.

The principals of AP Wealth Management also own Augusta Capital Investors, LLC, a registered investment adviser. Augusta Capital Investors, LLC is the general partner of The Augusta Fund, a private equity partnership. We may recommend that clients that are "qualified investors" make an investment in The Augusta Fund.

The ability to receive compensation in different manners may present a conflict of interest and provides an incentive to recommend investment products based on compensation received, rather than on a client's needs. We address this conflict by clearly explaining the costs of our recommendations, explaining the costs of alternative recommendations, and taking our fiduciary responsibility to act in the client's best interest very seriously.

Clients have the option to purchase investment products that the firm recommends through other brokers or agents that are not affiliated with AP Wealth Management, LLC.

Clients may bear the cost of commissions or markups for the purchase of certain securities. AP Wealth Management does not reduce our advisory fees to offset commissions or markups, nor do we receive any revenue from these charges in fee based accounts.

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

Form ADV Part 2A, Item 6

AP Wealth Management does not accept performance-based fees.

## **ITEM 7 Types of Clients**

Form ADV Part 2A, Item 7

The firm primarily provides financial planning and investment advice to high net worth individuals and families. The minimum investment relationship is \$1,000,000 in assets. Exceptions to this minimum may be made on a case by case basis.

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

Form ADV Part 2A, Item 8

We use an asset allocation approach to investing. We categorize investments in four categories: relative return, Attain, opportunistic and Protect. We match a client's risk profile with the allocation among the categories. For example, a very conservative client will have most of their investments in the protect category. An aggressive client would have most of their assets invested in the strategic and relative return categories.

We use open end mutual funds, exchange traded funds, closed end funds, individual equities and individual fixed income securities to implement our strategies. There is risk of loss to the client, up to the full amount of the investment, in any of these types of investments. None of these investments is FDIC insured or guaranteed in any manner. There are no guarantees that investment objectives will be met.

### **Material risks in our investment strategies:**

*Equity Risk.* Equity prices can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions.

*Fixed-Income Risk.* When we invest your assets in fixed-income securities, the value of your investment will fluctuate with changes in interest rates, as well as other factors. Defaults by fixed income issuers may also harm performance.

*Structured Note Risk.* Investment in some types of structured notes can result in the loss of up to 100% of principal. The notes may or may not pay interest. Liquidity is limited and sometimes there is no secondary market for a note. The quality of the note is linked to the credit worthiness of the issuer.

*Junk Bond Risk.* Lower-quality bonds, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce liquidity in these bonds. Junk bond issuers are more sensitive to economic conditions than high quality issuers and more likely to seek bankruptcy protection which may delay resolution of bond holder claims and may eliminate liquidity.

*Foreign Risk.* Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.

*Emerging Markets Risk.* Funds that we invest client money in may invest in emerging market countries that may have relatively unstable governments, weaker economies, and less-developed legal systems, which do not protect securities holders. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default.

*Commodity-Linked Derivative Risk.* When the Fund invests in commodities through funds that invest in commodity-linked derivative instruments the Fund is exposed to risks affecting a particular industry or commodity, such as drought, floods, and adverse regulatory developments. Commodity-linked derivatives may also have leverage risk, which amplifies the effect of a small movement in commodity prices on the Fund.

*Management Risk.* The Adviser's dependence on multi-asset diversification and judgments about the attractiveness, value and potential appreciation of particular Asset Classes in which we invest will in some cases prove to be incorrect and have negative impacts on performance.

*Portfolio Turnover Risk.* As to the portion of the portfolio invested in ETFs and closed-end investment companies, turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs.

*Small and Mid-Capitalization Issuer Risk.* Investments in securities of small- and mid-capitalization companies may be more vulnerable than larger, more established organizations to adverse business or economic developments. These companies often have narrower markets, fewer products, or services to offer and more limited managerial and financial resources than do larger, more established companies.

*Underlying Fund Costs and Risks.* Each mutual fund (open end or closed end) and Exchange traded fund is subject to specific risks, depending on its investments. Underlying Funds are also subject to investment advisory and other expenses, which are borne by the client. As a result, your overall cost of investing in funds rather than the underlying stocks, bonds and other basic assets will be higher than the cost of investing directly in them.

AP Wealth Management recommends a number of types of securities, but open end mutual funds and exchange traded funds make up the majority of our holdings. These funds are invested in stocks, bonds and other types of securities. They use varying strategies to attempt to meet their objectives. The investor is subject to risk of loss of all of their capital in any of these investments; whether due to market-related losses or fraud committed by the investment companies. Accounts are protected by the SIPC to mitigate losses due to fraud or theft.



## ITEM 9 Disciplinary Information

Form ADV Part 2A, Item 9

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

None

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

None

3. was found to have been involved in a violation of an investment-related statute or regulation; or

None

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

None

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

None

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

None

(b) barring or suspending your firm's or a management person's association with an investment-related business;

None

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

None

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

None

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

None

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

None

No one associated with AP Wealth Management has been subject to any of the disciplinary matters mentioned above.

### **ITEM 10 Other Financial Industry Activities and Affiliations**

Form ADV Part 2A, Item 10

No one associated with AP Wealth Management is registered as a futures commission merchant, commodity pool operator, commodity trading advisor nor is associated with any of the foregoing entities.

Eugene F McManus and William P Fair are licensed to sell life, long term care, and disability insurance as well as fixed and indexed annuities in the states of Georgia and South Carolina. We generate compensation from the sale of these products.

John P Rhodes is the sole owner of Augusta Capital Management, a registered investment advisor.

John P Rhodes, Eugene F McManus, and William P Fair are members of Augusta Capital Investors, a registered investment advisor. Augusta Capital Investors manages a limited partnership available to qualified investors. The limited partnership is named the Augusta Fund.

We do not currently select other investment advisors for our clients.

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

Form ADV Part 2A, Item 11

The firm has a code of ethics that centers on our role as a fiduciary for our clients. We will disclose fully any conflicts we might have with clients, we will seek the best execution for client market transactions, and we will have a reasonable basis for all recommendations made to clients. We have policies and procedures to help ensure that we do not act in a manner contrary to our clients' best interests. The code of ethics is available upon request.

We do not engage in the practice of recommending, or buying or selling for client accounts, securities in which we or a related person has a material financial interest.

The advisors at AP Wealth Management may take positions in their own accounts in securities that are the same as, similar to, or the opposite of those that may be recommended to our advisory clients, due to personal similarities or differences in investment goals and risk tolerances. Our positions are of a modest scale and in securities that are widely traded, such that any insider information we may glean from clients would have no effect on the market prices for his or her own investments. If we believe there is any risk that our own investment interests may be deemed to create a possible conflict with the impartiality of the advice and recommendations that we give to clients, we will divulge information on those investment positions to any affected client.

The advisors at AP Wealth Management will not purchase securities for their own accounts within 3 business days prior to buying or selling the same securities in client accounts. This prevents us from buying a security ahead of a client and then investing client money in the same security in the hopes of increasing the price of the security for our benefit.

## **ITEM 12 Brokerage Practices**

Form ADV Part 2A, Item 12

AP Wealth Management uses Charles Schwab Institutional to establish brokerage accounts for our clients. Schwab is a very reputable and fiscally sound firm and is one of the leaders in serving the Registered Investment Adviser industry. Schwab does not charge for its custody services. Schwab's transaction charges are reasonable; usually between \$4.95 and \$19.95 for equity trades. Some mutual funds available through Schwab have transaction charges of up to \$30.

AP Wealth Management does not receive research or other products or services from a broker-dealer or third party in connection with, or in exchange for, client securities transactions.

The firm does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services from a broker-dealer or third party.

AP Wealth Management does not receive research or other products or services in exchange for recommending a broker-dealer.

AP Wealth Management does not accept soft dollar benefits.

Neither AP Wealth Management, nor any related persons, acquired any products or services in the last fiscal year with client brokerage commissions (or markups or markdowns).

The firm did not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

AP Wealth Management does not receive client referrals from a broker-dealer or third party in exchange for selecting or recommending a broker-dealer or third party.

The firm does not direct client transactions to a particular broker-dealer in the past year in exchange for client referrals.

We do not recommend, request, or require clients to direct us to execute transactions through a specified broker-dealer.

We do not permit clients to direct brokerage.

When purchasing individual securities for multiple accounts, we will attempt to aggregate the order. This will help limit the price differential from one client to another. Aggregation generally does not reduce the transaction costs for the client.

### ***ITEM 13 Review of Accounts***

Form ADV Part 2A, Item 13

Accounts are reviewed on at least on a quarterly basis by John Parker Rhodes (chief investment officer), William Patrick Fair (chief compliance officer), or Eugene Francis McManus (managing member). Accounts are reviewed for performance against appropriate benchmarks, for appropriate allocation based on the client's risk/reward profile and for any changes in the strategies or management of the holdings selected for the account.

Accounts will be reviewed at a client's specific request, especially if there has been a significant change in the investment environment or the client's personal circumstances.

Quarterly snapshot reports produced by Morningstar Office software are provided. These reports illustrate the allocation of the account and performance history. Monthly statements are provided to the client by the custodian.

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

Form ADV Part 2A, Item 14

AP Wealth Management receives no economic benefit from non-clients for providing investment advice or other advisory services to our clients.

AP Wealth Management does not directly or indirectly compensate any person who is not supervised by AP Wealth Management for client referrals.

### ***ITEM 15 Custody***

Form ADV Part 2A, Item 15

AP Wealth Management, LLC does not have custody of client funds or securities.

### ***ITEM 16 Investment Discretion***

Form ADV Part 2A, Item 16

AP Wealth Management accepts discretionary authority to manage securities accounts on behalf of clients. Clients may provide us with a list of securities or industries to exclude from purchase. This authority to manage securities accounts on a discretionary basis is granted on the Charles Schwab application upon account opening.

### **ITEM 17 Voting Client Securities**

Form ADV Part 2A, Item 17

We will accept authority to vote client securities. This authority is granted via the Charles Schwab new account application for the discretionary accounts we manage. John Rhodes and/or William Fair are responsible for voting client securities. We follow the ISS guidelines ([www.issgovernance.com](http://www.issgovernance.com)) when voting client securities and always vote in the client's best interest. If there is a potential conflict of interest in a vote, we will contact the affected client(s) and obtain their voting decision on the particular matter. We will keep a record of these instances. Clients may contact us prior to a voting deadline and direct our vote of their securities. Clients may contact us and we will immediately provide information regarding how a client's securities were voted. Our policies on proxy voting and/or a copy of the ISS guidelines are available upon request by calling us at 706 364-4281.

Some clients do not grant us authority to vote their securities. These clients will receive their proxies or other solicitations directly from the custodian or transfer agent. Clients are welcome to contact us at 706 364-4281 should they have questions regarding a particular solicitation.

### **ITEM 18 Financial Information**

Form ADV Part 2A, Item 18

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

We are not aware of any aspect of our financial condition that would be reasonably likely to impair our ability to meet contractual commitments to clients.

Neither the firm nor any of its principals has been the subject of a bankruptcy petition during the past ten years.

