

# Disclosure Brochure

October 15, 2012



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Archetype Advisors, LLC (hereinafter "Archetype" or the "firm"). If you have any questions about the contents of this brochure, please contact Jennifer Estelle at (215) 558-5509. 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 Archetype is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Archetype is an independent registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Archetype is required to discuss any material changes which have been made to the brochure since the firm's last annual amendment. There are no such material changes to disclose in relation to this Item.

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## Item 4. Advisory Business

Archetype is an investment advisory boutique, guided by its mission to create a highly personalized client experience, whereby it fosters client relationships and undertakes a largely consultative approach to identify its client's investment goals and objectives. Using forensic examination of cash flows, risk and assets, Archetype seeks not only to identify opportunities, but also to tailor expert solutions through the use of professional financial planning processes and algorithmic modeling.

Archetype has been in business since November 2011 as a registered investment adviser, providing comprehensive financial planning and wealth management services. William J. Lahr, IV, CFP® is the sole member of Lahr, LLC, which owns substantially all of Archetype. As of March 8, 2012, the firm had approximately \$21,783,000 in assets under management, all of which was managed on a discretionary basis.

Prior to engaging Archetype to provide any of the foregoing investment advisory services, the client is required to enter a written agreement with Archetype setting forth the terms and conditions under which Archetype renders its services (the "*Agreement*"). While this brochure generally describes the business of Archetype, certain sections also describe the activities of the firm's *Supervised Persons*, which include any of Archetype's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Archetype's behalf and is subject to Archetype's supervision or control.

### Financial Planning Services

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As part of its wealth management services, Archetype provides clients with a broad range of comprehensive financial planning services, which may include a variety of in-depth tax and non-investment related matters. At Archetype, the central tenant to the firm's planning services is the process, rather than the product. As further described below, Archetype utilizes the expertise of its trusted partners to develop each financial plan, which seeks to ensure that the planning component remains wholly independent from implementation.

In performing its services, Archetype is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Archetype may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Archetype recommends its own services. The client is under no obligation to act upon any of the recommendations made by Archetype under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Archetype itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Archetype's recommendations.

Clients are advised that it remains their responsibility to promptly notify Archetype if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Archetype's previous recommendations and/or services.

## **Investment Management Services**

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In conjunction with its financial planning services, Archetype manages all or a portion of its clients' assets on a discretionary basis, as part of its wealth management program.

The securities in which Archetype invests assets are largely determined by each client's specific financial plan. As such, Archetype primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities and/or options, as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of the client. In addition, Archetype may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Archetype also provides advice about any type of legacy position or investment held in clients' portfolios.

Archetype also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Archetype either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Archetype tailors its advisory services to the individual needs of its clients and ensures that each investment is suitable in light of their specific profile. Clients may impose reasonable mandates or restrictions on the management of their accounts if, in the firm's sole discretion, such conditions would not adversely impact, or provide overly burdensome to, Archetype's portfolio strategy. Archetype's services are contingent on the creation of a comprehensive financial plan, which incorporates each client's specific investment objectives, risk tolerance, time horizon, and other factors that may ultimately impact the client's investment needs. In order to keep apprised of any developments to its clients' financial situations, Archetype mandates that each client's financial plan is revisited on at least an annual basis, as further discussed in Item 13. Archetype employs this policy as part a concerted effort to ensure the viability of every financial plan, and corresponding investment strategy, on an ongoing basis.

Clients are advised to promptly notify Archetype if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Archetype's management services. Clients may impose reasonable restrictions on the management of their account

if, in Archetype's sole discretion, it determines that such restrictions would not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### Use of Independent Managers

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As mentioned above, Archetype recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Archetype or the client and the designated *Independent Managers*. Archetype renders services to the client relative to the discretionary selection of *Independent Managers*. The firm also monitors and reviews the account performance and the client's investment objectives. Archetype receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, Archetype reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Archetype considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research.

The fees charged by Archetype are generally inclusive of any fees or costs imposed by the *Independent Managers*, who may be paid up to half of the firm's management fees. In those situations where the *Independent Manager* is responsible for covering trading costs, there exists certain conflicts of interests in that there is an incentive not to make transactions in client accounts because it will reduce overall profits. Other additional costs tied to the management of clients' accounts (e.g., fund level management fees, wire transfer fees, and margin expenses, etc.) may be exclusive of, and in addition to, Archetype's investment advisory fee set forth below. In addition to Archetype's Wrap Brochure (as discussed below), clients also receive the disclosure brochure of the designated *Independent Managers*.

### Sponsor of Wrap Program

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Archetype is the sponsor of the Archetype Wealth Management Program (the "Program"), a wrap fee program. In the event the client participates in the Program, Archetype provides wealth management services and arranges for brokerage transactions under a single annualized fee, which is paid directly to Archetype. Participants in the Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately.

A complete description of the Program's terms and conditions (including fees) are contained in the Wrap Fee Program Brochure, which appears as Part 2A Appendix 1 of Archetype's Form ADV (the "Wrap Brochure"). Archetype renders substantially all of its services on a wrap fee basis. All clients are

furnished with the firm's Wrap Brochure prior to or concurrent with their engagement with Archetype, pursuant to Rule 204-3 of the Investment Advisers Act of 1940.

## Item 5. Fees and Compensation

At the onset of the advisory relationship, clients pay a one-time initial setup fee for certain expenses incurred by Archetype pertaining to the development of each client's comprehensive financial plan, which provides the groundwork for substantially all of Archetype's wealth management services. Thereafter, Archetype offers its wealth management services on a fee basis. In addition, certain of Archetype's *Supervised Persons*, in their individual capacities, may offer insurance or lending products under a commission arrangement.

### Asset-Based Wealth Management Fee

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Archetype offers its comprehensive wealth management services through the Program to non-qualified clients for an annual fee based upon the amount of the assets under its management. The Program's fee is inclusive of all financial planning expenses, brokerage commissions, transaction fees, and other related costs, as explained in depth in the Wrap Brochure.

### Performance-Based Wealth Management Fee

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Archetype also offers its comprehensive wealth management services through the Program to *qualified clients* of the Program for a performance-based fee in accordance with the requirements set forth by all applicable laws, rules, and regulations. The term *qualified clients* refers to those clients who have either \$1,000,000 in assets invested with Archetype or a net worth in excess of \$2,000,000.

### Fee Discretion

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Outside of the one-time initial setup fee, Archetype generally does not retain the discretion to discount its ongoing wealth management fees. Archetype may, in its sole discretion, negotiate to discount or waive the one-time initial setup fee based upon certain criteria (e.g., anticipated future earnings, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), Archetype generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Investment Manager Services ("*Pershing*") for wealth management accounts.

Archetype may only implement its investment management recommendations after the client has arranged for and furnished Archetype with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Pershing, any other broker-dealer recommended by Archetype, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **Fee Debit**

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Archetype's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Archetype or *Independent Managers* to debit the client's account for the amount of Archetype's fee and to directly remit that management fee to Archetype or the *Independent Managers*. Any *Financial Institutions* recommended by Archetype have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Archetype. Archetype also sends clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered and the amount of assets under management on which the fee was based.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of wealth management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Archetype and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Archetype's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Archetype's right to terminate an account. Additions may be in cash or securities provided that Archetype reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Archetype, subject to the usual and customary securities settlement procedures. Archetype may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.



Since Archetype's management fees are based on daily average account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is adjusted accordingly.

### **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Archetype (but not Archetype) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Archetype. Under this arrangement, clients may implement securities transactions through certain of Archetype's *Supervised Persons* in their respective individual capacities as registered representatives of United Planners Financial Services ("United Planners"), an SEC registered broker-dealer and member FINRA/SIPC. *United Planners* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *United Planners* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *United Planners*. The brokerage commissions charged by *United Planners* may be higher or lower than those charged by other broker-dealers. In addition, certain of Archetype's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. Archetype also recommends no-load funds.

A conflict of interest exists to the extent that Archetype recommends the purchase of securities where the firm's *Supervised Persons* receive commissions or other additional compensation as a result of Archetype's recommendations. Such *Supervised Persons* have an incentive to recommend investment products based on the compensation they receive, rather than on a client's needs. Archetype has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interests of clients.

For accounts covered by ERISA (and such others that Archetype, in its sole discretion deems appropriate), Archetype provides its investment advisory services on a fee-offset basis. In this scenario, Archetype may offset (i.e., reduce) its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Archetype's *Supervised Persons* in their individual capacities as registered representatives of *United Planners*.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As discussed in response to Item 5, above, Archetype renders wealth management services to *qualified clients* for a performance-based fee. As further explained in the Wrap Brochure, the performance fee generally ranges up to twenty percent (20%) of the annual or semiannual net gains achieved in a client account, subject to a perpetual high water mark.

While Archetype believes that this fee arrangement best aligns the interests of the firm and its clients, it may potentially raise certain conflicts of interest. The performance fee may be an incentive for Archetype to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where Archetype charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

The firm strives to eliminate these conflicts of interest by limiting the scope of its investment decisions to the confines of each client's independently crafted financial plan. Archetype also has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of whether the client is paying a performance-based fee or different type of fee.

## Item 7. Types of Clients

Archetype provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### Account Requirements

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Archetype imposes the following account conditions:

- Minimum Setup Fee: \$2,000
- Maximum Setup Fee: \$25,000
- Minimum Annual Fee: \$6,000

These account requirements may have the effect of making Archetype's services cost prohibitive for certain clients. As a result, the firm does not accept clients with portfolios valued at less than \$200,000, which could result in an effective fee rate that exceeds 3.00% of assets under management. Clients are advised that not all advisers require an initial setup fee for a financial plan and clients may pay a higher fee for Archetype's wealth management services than it would at other advisers. Archetype, in its sole discretion, may waive these stated fee minimums based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

### Methods of Analysis

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Archetype's methodology focuses on analyzing the suitability of an investment opportunity pursuant to each client's customized financial plan, which addresses the following client specific considerations, without limitation:

- Investment objectives;
- Risk tolerance;
- Time horizon;
- Cash flows;
- Distributions; and
- Tax ramification.

Archetype utilizes a series of proprietary "screens," made up of both deterministic and stochastic modeling techniques, to assess an investment's risk level, financial condition and track record, relative to its respective asset class. The firm relies on these metrics to determine which investment vehicles to employ in order to effect a strategy that aligns with the characteristics of a corresponding financial plan.

### Wealth Management Strategy

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Archetype's comprehensive, multi-faceted approach to wealth management is defined by the "EGPRIM" process, whereby Archetype endeavors to:

- Establish an open dialogue and engage a client in a relationship;
- Gather all pertinent information and endeavor to identify and understand a client's situation;
- Process client data and compute a corresponding financial plan;
- Recommend a suitable financial strategy plan, and engage in a holistic review in order to achieve an in-depth understanding of the plan's breadth;
- Implement the plan through the use of an Archetype advisor or outside account manager; and
- Monitor the planning activity on an ongoing basis in order to stay current with all changes to a client's situations, as well as the economic and legislative tides.

Archetype believes that the segregation of wealth management services is a value-added proposition, which ensures that the financial planning process, investment strategy implementation, account custody services, reporting operations and compliance solutions operate largely independent from one another. It is in this "horizontal advice model" that Archetype seeks to establish a multi-tiered set of checks and balances, and avoid the in-house "cat watching the canary" effect that occurs when these services are bundled internally. As such, Archetype works collaboratively with outside professionals and portfolio managers to develop and deliver customized, comprehensive investment solutions to its clients. With over 200 strategic relations with experienced legal, insurance and portfolio brands, Archetype maintains the capacity to service nearly all components of a client's financial life.

Each client is first fitted with a highly customized, comprehensive financial plan, prepared by a financial planning professional with whom Archetype maintains a relationship. This plan addresses all areas of concern with regard to a client's finances, including insurance needs, lending facilities, income requirements, tax strategizing, estate structuring, and retirement planning, amongst others. This plan also acts as a blueprint for the management of the client's portfolio. Although Archetype manages each portfolio on a discretionary basis, this discretion is limited to the confines of the financial plan. In short, it is through this process that Archetype seeks to ensure that only those products and solutions that are suitable, in light of each client's individual situation and objectives, are utilized in the management of their account.

Archetype strives to make certain that its professionals remain cognizant and knowledgeable of any developments to its clients' personal and financial situation. Accordingly, Archetype imposes a strict requirement that clients connect with their advisors at least annually to revisit their financial plans and investment strategies. This provides Archetype with the ability to work proactively to structure solutions and fosters collaboration on all levels.

## **Risks of Loss**

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### *Mutual Funds and Exchange-Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares

or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

The profitability of Archetype’s implementation efforts may depend to a great extent upon certain of the firm’s assessments pertaining to median average performance of asset classes, investment types, and/or risk grades, which are used to calculate future cash flows and goal achievement. There can be no assurance that the assumptions underlying Archetype’s investment decisions will prove effective in achieving the objectives set forth in a client’s financial plan.

### *Use of Independent Managers*

Archetype may recommend the use of *Independent Managers* for certain clients. Archetype continues to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement the strategies contained in each client’s financial plan

### *Use of Margin*

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Archetype in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to Archetype will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client’s portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client’s securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client’s obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client’s obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client’s

borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Archetype has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

### **Registered Representatives of a Broker-Dealer**

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As referenced in item 5, certain of the firm's *Supervised Persons* are registered representatives of *United Planners* and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that Archetype recommends the purchase of a security and its *Supervised Person* receives a portion of the commissions paid to *United Planners*. Archetype has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned.

### **Licensed Insurance Agents**

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Certain of Archetype's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Archetype does not sell such insurance products to its investment advisory clients, Archetype does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Archetype recommends the purchase of insurance products where Archetype's *Supervised Persons* receive insurance commissions or other additional compensation.

### **Relationship with Independent Manager**

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Archetype has a joint business relationship with the Personal Financial Services practice of PricewaterhouseCoopers LLP ("PwC"). Under this arrangement, PwC provides the financial planning component of Archetype's advisory offering, developing and reevaluating a customized wealth management plan for each of the firm's advisory clients. Any financial planning fees charged by PwC are

paid out of Archetype's wealth management and do not result in additional charges for clients. It is Archetype's view that this relationship provides its clients with an added level of independence and does not result in any additional conflicts of interests. Nonetheless, Archetype has procedures in place in an effort to ensure that any conflicts that may arise are handled in the best interests of the firm's advisory clients.

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**Receipt of Lending Commissions**

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Certain of Archetype's *Supervised Persons* may recommend, on a fully-disclosed basis, the purchase of certain lending products. While Archetype does not sell such lending products to its investment advisory clients, Archetype does permit its certain of its *Supervised Persons*, in their individual capacities, to sell lending products to its investment advisory clients. A conflict of interest exists to the extent that Archetype recommends the purchase of lending products and one of the firm's *Supervised Persons* receives commissions or other additional compensation as a result.

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**Affiliation with Other Investment Adviser**

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Archetype is under common control with Forte Investment Solutions, LLC ("*Forte*"), an investment advisory firm that shares a common principal place of business with Archetype. While an application for investment adviser registration has not yet been filed, certain of Archetype's Principals and/or *Supervised Persons*, in their individual capacities, will also be representatives of *Forte*, which may act as an *Independent Manager* under the Archetype Wrap Fee Program (which will not result in any additional fees being paid by clients).

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**Institutional Consulting Services**

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Archetype does not render institutional consulting services to its clients. However, Archetype's Principal, William J. Lahr, IV, CFP®, in his individual capacity, may provide such services to clients. These services may include marketing, branding, organizational structuring and other similarly related consultative functions. Archetype does not receive any portion of these fees. A conflict of interest exists to the extent that Archetype recommends these institutional consulting services and Mr. Lahr receives additional compensation as a result. Because Archetype makes only those recommendations that are consistent with each client's financial plan, Archetype has policies in place to ensure that any such recommendations are provided in the best interest of the client

## **Item 11. Code of Ethics**

Archetype and persons associated with Archetype ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Archetype's policies and procedures.



Archetype has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Archetype or any of its associated persons. The *Code of Ethics* also requires that certain of Archetype’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Archetype’s *Code of Ethics*, none of Archetype’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Archetype’s clients.

When Archetype is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Archetype is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Archetype to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, Archetype generally recommends that clients utilize the brokerage and clearing services of *Pershing*.

Factors which Archetype considers in recommending *Pershing* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *Pershing* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Archetype’s clients comply with Archetype’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Archetype determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Archetype seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Archetype and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Archetype periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Archetype in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Archetype will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Archetype (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Archetype may decline a client's request to direct brokerage if, in Archetype's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Archetype decides to purchase or sell the same securities for several clients at approximately the same time. Archetype may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Archetype's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Archetype's clients pro rata to the purchase and sale orders placed for each client on any given

day. To the extent that Archetype determines to aggregate client orders for the purchase or sale of securities, including securities in which Archetype's Supervised Persons may invest, Archetype shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Archetype shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Archetype determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account

reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Archetype may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Archetype in its investment decision-making process. Such research generally will be used to service all of Archetype's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Archetype does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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Archetype has arrangements in place whereby the firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program.

Specifically, Archetype may receive from *Pershing* certain computer software and related systems support which allow the firm to better monitor client accounts maintained at *Pershing*. Archetype may receive the software and related support without cost because Archetype renders investment management services to clients that maintain assets at *Pershing*. The software and related systems support may benefit Archetype, but not its clients directly. Additionally, Archetype may receive the following benefits from *Pershing* through its Pershing Advisor Solutions division:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its Pershing Advisor Solutions participants;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

In fulfilling its duties to its clients, Archetype endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Archetype's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Archetype's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

## Item 13. Review of Accounts

### Account Reviews

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Archetype monitors the portfolios of its wealth management clients as part of a continuous and ongoing process, while regular account reviews are conducted on at least a quarterly basis. Archetype, and the outside financial planning professionals in which it engages, require that each client's financial plan is revisited at least annually. Such financial plan reviews may also be triggered by certain legislation or the occurrence of a specified life event, which would have a material impact on the feasibility of a client's financial plan and corresponding investment strategy. These reviews are conducted by one of Archetype's investment adviser representatives, in conjunction with the financial planning professional engaged to construct the client's plan. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Archetype and to keep Archetype informed of any changes thereto.

### Account Statements and General Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their accounts are custodied. Clients also receive quarterly reports from Archetype that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from Archetype.

## Item 14. Client Referrals and Other Compensation

### Economic Benefits

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Archetype is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Archetype may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (above).

### Client Referrals

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Archetype is required to disclose any direct or indirect compensation that it provides for client referrals. Archetype does not compensate for referrals.

## Item 15. Custody

Archetype's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Archetype through such *Financial Institution* to debit the client's account for the amount of Archetype's fee and to directly remit that management fee to Archetype in accordance with applicable custody rules.

The *Financial Institutions* recommended by Archetype have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Archetype. In addition, as discussed in Item 13, Archetype also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Archetype.

## Item 16. Investment Discretion

Archetype retains the authority to exercise discretion on behalf of clients. Archetype is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Archetype is given this authority through a power-of-attorney included in the agreement between Archetype and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Archetype takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

Archetype does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

## Item 18. Financial Information

Archetype is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Item 19. Requirement for State-Registered Advisers

### Principal Executive Officers and Management Persons

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**William J. Lahr, IV, CFP®**

Born 1969

### Post-Secondary Education

The Catholic University of America | Architectural Engineering | 1987 – 1990

Delaware Valley College | Ornamental Horticulture | 1990 – 1991

### Recent Business Background

Archetype Advisors, LLC | President | October 2010 – Present

Forte Investment Solutions, LLC | President | October 2010 – Present

United Planners Financial Services | Registered Representative | November 2011 – Present

Lahr Consulting | Consultant | March 2006 – Present

Family Office Group LLC | Founder & Managing Member | June 2008 – January 2009

### Performance Based Fees

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As further disclosed in the Wrap Brochure, the firm and its *Supervised Persons* may be compensated for advisory services with performance-based fees. Under this arrangement, Archetype may receive up to twenty percent (20%) of the annual or semiannual net gains achieved in qualified client accounts, subject to a high water mark. Performance-based compensation may create an incentive to recommend an investment that may carry a higher degree of risk.

### Civil and Administrative Proceedings

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Neither the firm nor its management persons have been subject to an award or otherwise found liable in an action involving a violation of any investment related statute.

### **Relationships with Issuers**

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Neither the firm nor its management persons have a relationship with any issuer of securities not already disclosed herein.



*a Registered Investment Adviser*

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Prepared by:

