

# Wrap Fee Brochure

July 18, 2011

## **Archetype Advisors, LLC**

*a Registered Investment Adviser*

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This wrap fee 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 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 Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Archetype Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This section of the wrap fee brochure discusses only the material changes that have occurred since Archetype's last annual update of the wrap fee brochure. Since this is Archetype's initial wrap fee brochure, it does not have any material changes to report.

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## Item 4. Services, Fees, and Compensation

The Archetype Wealth Management Program (the “Program”) is an investment advisory program sponsored by Archetype. The Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges.

To join the Program, a client must:

- (1) Complete an investor profile that describes the client’s financial needs, investment objectives, time horizon, and risk tolerance, as well as any other factors relevant to the client’s specific financial situation and any other supporting documentation the Program requires;
- (2) Complete the investment advisory wrap fee agreement (the “*Agreement*”) with Archetype;
- (3) Complete a new account agreement with Pershing, LLC through Pershing Investment Manager Services (“*Pershing*”) or another broker dealer Archetype approves for participation in the Program (“*Financial Institution*”); and
- (4) Open a securities brokerage account with the *Financial Institution* and deposit those assets designated for participation in the Program into the account.

After an analysis of any information provided by the client to Archetype, Archetype assists the client in developing an appropriate investment strategy for the assets in their accounts. Thereafter, all clients are encouraged to discuss their needs, goals, and objectives with Archetype and to keep Archetype informed of any changes thereto. Archetype contacts ongoing clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their investment strategy.

### WEALTH MANAGEMENT

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#### FINANCIAL PLANNING SERVICES

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.

### **WEALTH MANAGEMENT SERVICES**

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 clients' assets are largely determined by the specific financial plan of each client. As such, Archetype may allocate 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 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 profile. 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 an at least annual basis, as further discussed below. 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.

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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 (e.g., require that a portion of their assets are invested in socially responsible funds) 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.

### FEES FOR THE PROGRAM

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At the onset of the advisory relationship, clients pay a one-time initial setup fee of \$10,000 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 provides its wealth management services for an annual fee based upon assets under management and/or the performance of the client's portfolio. In addition, certain of Archetype's *Supervised Persons* (as defined and explained further in response to Item 9), in their individual capacities, may offer insurance or lending products under a commission arrangement.

### WEALTH MANAGEMENT FEE

Clients in the Program pay a single annualized fee equal to three percent (3.00%) of the assets under Archetype's management for participation in the Program (the "*Program Fee*"). The *Program Fee* is prorated and charged quarterly, in advance, based upon the average daily value of the assets being managed by Archetype under Program during the previous quarter.

### PERFORMANCE-BASED WEALTH MANAGEMENT FEE

Archetype also offers its wealth management services to *qualified clients* (as defined below) of the Program for a performance-based fee, in accordance with applicable laws, rules and regulations. For these clients, Archetype charges a fee based upon a percentage of the market value of the assets being managed by Archetype ("*base fee*") in addition to a fee based upon the performance of the account ("*performance fee*").

The *base fee* is equal to two percent (2.00%) of the average daily market value of the assets under Archetype's management during the previous quarter. The *base fee* is prorated and charged quarterly in advance. The *performance fee* is equal to twenty percent (20%) of the net gains achieved in a client's account, subject to a high water mark. The *performance fee* is charged annually, in arrears, on the anniversary of the date on which the client initially engaged the services of Archetype.

The term *qualified clients* refers to those clients who have either \$750,000 in assets invested with Archetype or a net worth in excess of \$1,500,000, as defined under Rule 205-3 of the Investment

Advisers Act of 1940. The potential conflicts of interest that may exist under a performance-based fee arrangement are discussed further in response to Item 6.

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### **FEE DISCRETION**

Outside of the one-time initial setup fee, Archetype 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.).

### **FEE COMPARISON**

Under the Program, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the *Program Fee*. The *Program Fee* may also include the management and transaction fees charged by the *Independent Managers*. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The *Program Fee* may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

### **OTHER CHARGES**

Clients may incur certain charges imposed by third parties in addition to the *Program Fee*, which include charges imposed directly by a mutual fund or exchange-traded fund in the account, which is 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.

## Item 5. Account Requirements and Types of Clients

The Program participants include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### MINIMUM ANNUAL FEE

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As a condition for ongoing participation in the Program, Archetype generally imposes a minimum annual *Program Fee* of \$10,000. This minimum fee may have the effect of making Archetype's service impractical for clients, particularly those with portfolios less than \$335,000 in assets under Archetype's management. Archetype, in its sole discretion, may waive its minimum annual *Program Fee* 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 6. Portfolio Manager Selection and Evaluation

As described above, Archetype utilizes the expertise of its trusted partners to develop a financial plan for each client, which seeks to ensure that the planning component remains wholly independent from implementation. Once a client's plan is constructed, reviewed and analyzed, the next step is implementation.

### PORTFOLIO MANAGEMENT

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Archetype either provides discretionary management of a client's portfolio internally or recommends the use of certain independent investment managers ("*Independent Managers*"), in accordance with the customized investment strategy as prescribed under a client's plan.

Archetype's investment management services, which are rendered exclusively to participants of the Program, are described at length in response to Item 4 (above).

### USE OF INDEPENDENT MANAGERS

Archetype recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *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*. Archetype 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.

Archetype continues to do ongoing due diligence of such managers, but the such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement the strategies contained in each client's financial plan. In addition to Archetype's written wrap fee brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*, in compliance with Rule 204-3 of the Investment Advisers Act of 1940.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS – please fix

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

As discussed above, Archetype may designate one or more *Independent Managers* to manage a portion of clients' assets. Archetype may share information about the client with the *Independent Managers* necessary for the *Independent Managers* to render services to the clients. Archetype has adopted a privacy policy notice which is provided to all current and prospective clients.

### Item 8. Client Contact with Portfolio Managers

There are no restrictions on a clients' ability to contact and consult with Archetype.

Clients may contact their *Independent Managers* and financial planning professionals through Archetype by providing Archetype with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request Archetype, at its sole discretion, contacts the *Independent Managers* or professionals for the client or arranges for the *Independent Managers* or professionals and the client to communicate directly.

## Item 9. Additional Information

### DISCIPLINARY INFORMATION

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Archetype is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Archetype does not have any required disclosures to report.

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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Archetype is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

While this section of the Wrap Fee Brochure describes the business of Archetype, certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are 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.

### RECEIPT OF INSURANCE COMMISSIONS

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.

### RECEIPT OF LENDING COMMISSIONS

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.

### AFFILIATION WITH OTHER INVESTMENT ADVISER

Archetype is under common control with Forte Investment Solutions, LLC ("*Forte*"), an SEC registered investment adviser. Archetype and *Forte* share a common principal place of business. Certain of Archetype's *Supervised Persons*, in their individual capacities, are also investment adviser representatives with *Forte*, may recommend, on a fully-disclosed basis, the investment advisory services of *Forte* and/or the use of *Forte* as an *Independent Manager* of the Program. A conflict of interest exists to the extent that Archetype recommends *Forte's* investment advisory services where Archetype's *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation.

### **INSTITUTIONAL CONSULTING SERVICES**

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.

### **CODE OF ETHICS**

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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, 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.

### **REVIEW OF ACCOUNTS AND GENERAL REPORTS**

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Archetype monitors the portfolios of its wealth management clients as part of an 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, requires 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.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Archetype provides investment advisory services will also receive a report from Archetype that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Archetype.

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

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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. In addition, Archetype is required to disclose any direct or indirect compensation that it provides for client referrals. Archetype does not have any required disclosures to this Item.

### **RECEIPT OF PREPAYMENT OF FEES**

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Archetype does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Archetype is required to disclose any financial condition that is reasonably likely to

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impair its ability to meet contractual commitments to clients. Archetype has no disclosures pursuant to this Item.



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