

# Wrap Fee Program Brochure

October 7, 2012

## Archetype Wealth Management Program

Sponsored By



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This wrap fee program 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 (888) 975-7526. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Archetype is available on the SEC's Investment Adviser Public Disclosure 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 the material changes, if any, which have occurred since the firm's last annual update of the Wrap Fee Program Brochure. There are no such material changes to disclose in relation to this Item.

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## Item 4. Services, Fees and Compensation

The Archetype Wealth Management Program (the “Program”) is a comprehensive wealth management program sponsored by Archetype, an investment advisory boutique in business since November 2011.

Archetype is 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.

While this brochure generally describes the business of Archetype as it relates to clients receiving services through the Program, certain sections also describe the activities of the firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Archetype’s behalf and are subject to the firm’s supervision.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Archetype setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and 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 (collectively the “*Financial Institutions*”).

Under the Program, Archetype provides clients with a broad range of financial planning services, which may address 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 such, the firm utilizes the expertise of its trusted partners to analyze its clients’ financial situations and develop a corresponding financial plan, as the firm seeks to ensure that the planning component remains wholly independent from implementation.

From there, clients’ investment portfolios are managed on a discretionary basis either directly by Archetype or an independent investment manager (collectively “*Independent Managers*”), as selected by Archetype. Archetype and/or the *Independent Managers* generally allocate clients’ assets among the various investment products pursuant to their individual financial plans, as described further in Item 6.

## Fees for Participation in the Program

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Archetype provides wealth management services for an annual fee based upon assets under management and/or the performance of the client's portfolio. In addition, at the onset of the advisory relationship, clients also pay a one-time initial setup fee equal to one percent (1.00%) of the assets to be managed by the firm which is used to cover 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.

As a convenience to clients, certain of Archetype's *Supervised Persons*, in their individual capacities, may also offer insurance or lending products under separate commission-based arrangements.

### *Performance-Based Wealth Management Fee*

Archetype generally offers its wealth management services to *qualified clients* of the Program for a performance-based fee in accordance with 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.

For these clients, Archetype charges a fee based upon the performance of the account (the "performance fee") in addition to a fee based upon a percentage of the market value of the assets being managed by Archetype (the "base fee").

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 either annually or semiannually, in arrears, based on the anniversary of the date on which the client initially engaged the services of Archetype.

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. Since the base fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the base fee payable with respect to such assets is adjusted accordingly. For the initial quarter of the Program, the base fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the base fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client.

### *Asset-Based Wealth Management Fee*

Alternatively, Archetype also offers its wealth management services to *non-qualified clients* for a fee equal to three percent (3.00%) of the market value of the assets being managed through the Program. This 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.

Since this fee is determined by average daily 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. For the initial quarter of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client.

## Fee Comparison

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A portion of the fees paid to Archetype are used to cover the brokerage commissions and transactional costs attributed to the management of its clients' portfolios, as well as the fees charged by any *Independent Managers* engaged to provide services under the Program. The *Independent Managers* servicing accounts through the Program receive a fee based upon the assets under their management, which varies depending upon the type of portfolio management services being rendered and the amount of assets being managed.

Participation in the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' 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. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

## Fee Discretion

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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 Debit

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The firm's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Archetype and/or the *Independent Managers* to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Archetype and/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 Program fees paid directly to Archetype. Archetype also sends to clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. Alternatively, clients may elect to have Archetype send a separate invoice for direct payment.

### **Account Additions and Withdrawals**

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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 the firm 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. However, Archetype designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. 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.

### **Other Charges**

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Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include costs associated with margin balances, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

### **Compensation for Recommending the Program**

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Archetype investment adviser representatives are entitled receive a portion of the fees paid by their clients for participation in the Program.

## Item 5. Account Requirements and Types of Clients

### 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. 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.

### Types of Clients

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Participation in the Program is offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.



## Item 6. Portfolio Manager Selection and Evaluation

Clients' investment portfolios are managed either directly by Archetype and/or through the use of certain *Independent Managers*, as referenced above.

### Portfolio Management

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Archetype manages clients' investment portfolios on a discretionary basis.

The investments in which Archetype allocates clients' assets are largely determined by each individual client's financial plan. As such, Archetype may allocate clients' investment management assets among various *Independent Managers*, 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 positions or investments otherwise held in its 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 seeks to ensure 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 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.

Archetype manages substantially all of its clients' assets through the Program. In return for these services, Archetype receives a portion of the fees paid for participation in the Program, as described in Item 4 (above).

## **Selection of Independent Managers**

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Archetype evaluates various information about the *Independent Managers* in which it selects to manage its clients' portfolios under the Program. The firm generally reviews a variety of different resources, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Archetype also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors. This same criteria is used by the firm to evaluate the replacement of *Independent Managers* under the Program.

Archetype generally monitors the performance of those accounts being managed *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. The firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the *Independent Managers* may not be calculated on uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

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*. In addition to this Wrap Fee Program Brochure, the client also receives the written disclosure brochure of the designated *Independent Managers* engaged to manage all or a portion of their assets. While client portfolios are generally managed internally, none of the firm's related persons currently serve as an *Independent Manager* under the Program.

## **Side-By-Side Management**

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As stated in Item 4 (above), Archetype generally provides investment management services to *qualified clients* for a performance-based fee. Although 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.

## 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 ramifications.

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 the 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, this ensures 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 Private Collective Investment Vehicles*

Archetype may recommend the investment by certain clients in privately placed collective investment vehicles – some of which may be typically called “hedge funds”. The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

### *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 does not increase.

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.

### **Voting of Client Securities**

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Archetype does not accept the authority to vote client 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 7. Client Information Provided to Portfolio Managers

In this Item, Archetype is required to describe the type and frequency of the information it communicates to the *Independent Managers*, if any, managing its clients' investment portfolios.

Clients participating in the Program generally grant Archetype the authority to discuss certain non-public information with the *Independent Managers* engaged to manage their accounts. Depending upon the specific arrangement, the firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Archetype may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Independent Managers'* investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

## Item 8. Client Contact with Portfolio Managers

In this Item, Archetype is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their assets.

There are no restrictions on clients' ability to correspond with Archetype. Additionally, clients may contact any *Independent Managers* managing their portfolios through Archetype by providing the firm 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, may contact the *Independent Managers* for the client or arrange for the *Independent Managers* and the client to communicate directly.



## Item 9. Additional Information

### Disciplinary Information

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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.

### Other Financial Industry Activities and Affiliations

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

Certain of the firm's *Supervised Persons* are registered representatives of United Planners Financial Services ("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. For accounts covered by ERISA (and such others that Archetype, in its sole discretion, deems appropriate), the firm provides 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 the firm's *Supervised Persons* in their capacities as registered representatives of *United Planners*.

#### *Licensed Insurance Agents*

A number 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*

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.

## *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 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 Program (which will not result in any additional fees being paid by clients).

## *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 its 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 (the "*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*.

## **Account Reviews**

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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 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 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

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Archetype does not compensate any unaffiliated third-party for referring clients to the Program.

### Receipt of Economic Benefit

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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.

### Financial Information

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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 10. Requirement for State-Registered Advisers

### Principal Executive Officers and Management Persons

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#### **William J. Lahr, IV, CFP<sup>®</sup>**

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 Item 4, 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 account, 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.



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Prepared by:



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