

Item 1 – Cover Page

Registered as WealthCor, LLC



Doing Business As: Callahan Financial

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October 3, 2016

This wrap fee program brochure provides information about the qualifications and business practices of Callahan Financial. If you have any questions about the contents of this brochure, please contact Callahan Financial at (513) 421-0800 or through our website at <http://www.callahancincy.com>. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration does not imply a certain level of skill or training. Additional information about Callahan Financial also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – Material Changes

The SEC amended the format of the disclosure document required to be delivered to clients by investment advisors. This Brochure dated October 3, 2016 is a new disclosure document prepared using the new format and its requirements. In the future, this section, Item 2 – Material Changes, will point out material changes that have been made to the Brochure since the date of the last brochure and provide a summary of the changes.

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ITEM 4 – Services, Fees and Compensation

Services

Callahan Financial (“Advisor”) offers asset management services based on the individual needs of the client. This Brochure provides a description of the advisory services offered under the Callahan Financial Wrap program. For more information about Advisor’s other investment advisory services, please contact Advisor for a copy of a similar brochure that describes such services or go to www.adviserinfo.sec.gov.

In the Callahan Financial Wrap program, Advisor provides ongoing investment advice and management on assets in the client’s account. Advisor provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, fixed income securities. Advisor provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with Advisor.

Advisor provides management services on a either a non-discretionary or discretionary basis. The client authorizes the Advisor to have discretion by signing an advisory agreement.

Assets for program accounts are held at LPL Financial (“LPL”) as custodian. LPL also acts as executing broker/dealer for transactions placed in program accounts, and provides other administrative services as described throughout this Brochure.

Fees

In the Callahan Financial Wrap program, clients pay Advisor a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and the Advisor and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The maximum advisory fee is 2.0% with no minimum. The advisory fee may be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to Advisor and is shared between Advisor and its associated persons. Advisor does not accept performance-based fees for program accounts.

The advisory fee is deducted from the account by LPL as the custodian of assets based on a written authorization from the client. LPL calculates and deducts the advisory fee quarterly in advance. If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

Although clients do not pay a transaction charge for transactions in a program account, clients should be aware that Advisor pays LPL transaction charges for the transactions. The transaction charges paid by Advisor vary based on the type of transaction (e.g., mutual fund, equity or fixed

income security) and range from \$0 to \$50. Because Advisor pays the transaction charges in program accounts, there is a conflict of interest. Clients should understand that the cost to Advisor of transaction charges may be a factor that the Advisor considers when deciding which securities to select and how frequently to place transactions in a program account.

Other Types of Fees and Charges

Program accounts will incur additional fees and charges from parties other than the Advisor as noted below. These fees and charges are in addition to the advisory fee paid to Advisor. Advisor does not share in any portion of these third party fees.

LPL, as the custodian and broker-dealer providing brokerage and execution services on program accounts, will impose certain fees and charges. LPL notifies clients of these charges at account opening and makes available a list of these fees and charges on its website at www.lpl.com. LPL will deduct these fees and charges directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Advisor the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Advisor and by making their own investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- Although only no-load and load-waived mutual funds can be purchased in a program account, client should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from the Advisor or from the product sponsor directly.

Other Important Considerations

- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- The Advisor recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to the Advisor or its associated persons. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor may have a financial incentive to recommend a program account over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Advisor.

ITEM 5 – Account Requirements and Types of Clients

There is generally no account minimum required for the program.

The program is available for individuals, corporations and High Net Worth Individuals as well as charitable organizations and other clients that may have an interest.

ITEM 6 – Portfolio Manager Selection and Evaluation

In the Callahan Financial Wrap program, Advisor does not select, review or recommend other investment advisors or portfolio managers but is subject to his own review. Advisor, through its associated persons, is responsible for the investment advice and management offered to clients. Advisor generally requires that individuals involved in determining or giving investment advice have several years of experience dealing with individuals and small business.

In the Callahan Financial Wrap program, Advisor provides ongoing investment advice and management on assets in the client's account. Advisor provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, equities, fixed income securities. Advisor provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with Advisor.

There are no differences between how the wrap fee program is managed and how other accounts are managed. However, Callahan Financial may charge a higher fee, up to 2.0% and receive a portion of the wrap fee for services provided. The program may cost more or less than purchasing such services separately.

The other programs provided by the adviser include:

- **Asset Management**

Callahan Financial through its investment advisor representatives provides ongoing investment advice and management on assets in the client's custodial Strategic Wealth Management (SWM) account held at LPL Financial. Strategic Wealth Management is the name of the custodial account offered through LPL to support investment advisory services provided by Callahan Financial to our clients. More specific account information and acknowledgements are further detailed on the account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

There is generally no account minimum required for the program.

Assets managed in a wrap fee account are not managed differently from a non-wrap fee account. However, Callahan Financial may charge a higher fee, up to 2.0% and receive a portion of the wrap fee for services provided.

Callahan Financial offers asset management on a discretionary and non-discretionary basis. As of October 3, 2016 the firm has \$70,000,000.00 assets under management.

- **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the

suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

- **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

- **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. *Callahan Financial* investment advisor representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

- **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. LPL Financial is registered with the Securities and Exchange Commission, and has filed a notice filing in all states, the District of Columbia and the Virgin Islands.

The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

- **Manager Access Network Program (MAN)**

Manager Access Network enables high-net-worth investors to access a variety of institutional portfolio managers at significantly lower account minimums. By using separate account managers, clients can enjoy a higher level of specialization and service through the ownership of individual securities. A broad range of portfolio managers and multiple investment styles are available, including equity, fixed income, asset classes, mutual funds, ETFs, and specialty strategies. Clients contract directly with the portfolio managers for discretionary asset management services. LPL Financial provides brokerage, custodial, and administrative services to clients. Due diligence and portfolio monitoring is not provided by LPL Research.

Minimum account balances vary by portfolio manager, but typically start at \$100,000 for equity strategies and \$250,000 for fixed income strategies.

An advisor recommending the wrap fee program receives compensation as a result of a client's participation in the program. The amount of this compensation may be more than what the person would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services. Therefore, advisors may have a financial incentive to recommend the wrap fee program over other programs or services.

There may be addition fees on assets held in the wrap program, such as mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers. A more detailed description of these fees and circumstances is detailed above in Item 4 above.

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle. Neither the firm or any supervised persons manages side-by-side accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with Callahan Financial are also registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. Callahan Financial and LPL Financial are not affiliated legal entities.

For more information about the associated person of Advisor managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the account.

LPL performs certain administrative services for Advisor, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

A client's portfolio may include assets of publicly held companies in the United States and foreign markets. This may include both equities and fixed income assets. Other options may include domestic and foreign debt instruments (i.e. government and corporate bonds), real estate investment trusts and mutual funds or private placements that invest in natural resources or managed futures (markets such as, and not limited to, currency, commodity, agriculture and energy).

Each market may function and change in different ways depending on supply and demand, current events and investor behaviors. While our goal is to help increase a client's net worth, there is potential for losses in market, principal, and interest values. These changes may also affect a client's tax situation and filings.

The most commonly purchased share class of mutual funds are typically held for one year and may be exchanged (no transaction cost to client) during the year to properly align an account with its asset allocation model. Holding commonly recommended mutual funds for less than a year can result in contingent deferred sales charges and short term gains / losses in non-qualified accounts.

Analysis and strategies are generally based on:

- Publicly Available Data
- A Client's Net Worth
- Risk Tolerance
- Goals for Investment Account Funds
- Commentary and Information Obtained from Analysts at Preferred Mutual Fund or Variable Annuity Firms

The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we regularly review the portfolio and if appropriate, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm may use one or more of the following methods: fundamental analysis and technical analysis, cyclical analysis and charting analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of each individual client.

- **Fundamental Analysis** – involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical Analysis** – involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.
- **Cyclical Analysis** – involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold:
 1. the markets do not always repeat cyclical patterns; and,
 2. if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- **Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

Investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations.

Risk of Loss

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Market Risk** – the risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political** – the possibility of nationalization, unfavorable government action or social

changes resulting in a loss of value.

- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

Types of Investments (Examples, not limitations)

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
 - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature
 - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable “units” to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT’s underlying securities.
- **Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions

and the general economic environment.

- **Exchange Traded Funds (ETFs)** – an ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Fixed Income** – investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Options** – Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not

exercised or otherwise sold by the program account.

- **Options Trading/Writing** – is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Annuities** – are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Non-U.S. Securities** – present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Other investment types may be included as appropriate for a particular client and their respective trading objectives.

It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

Voting Client Securities

Advisor does not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from the custodian of assets. If clients have questions regarding the solicitation, they should contact the Advisor or the contact person that the issuer identifies in the proxy materials. In addition, Advisor does not accept authority to take action with respect to legal proceedings relating to securities held in the account.

ITEM 7 – Client Information Provided to Portfolio Managers

In the Callahan Financial Wrap program, the Advisor is responsible for account management; there is no separate portfolio manager involved. The Advisor obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The Advisor obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact the Advisor if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

The Firm policy requires an annual client meeting (one review every 12 months) to determine if there have been any changes in the client's financial situation, investment objectives, or restrictions. In addition, the meeting should incorporate the account performance, appropriateness of the account, and any other information determined pertinent to the client situation. The annual meeting may occur by phone, in person, via e-mail, or via video conference and documentation will be maintained to evidence that at a minimum the following topics were reviewed:

- The client's financial status
- Risk Tolerance
- Time Horizon
- Investment Objective and Goals
- Asset Allocation and/or Account Holdings

Additionally, on a quarterly basis, IARs should review the performance of the client's advisory account and investment objectives.

ITEM 8 – Client Contact with Portfolio Managers

Client should contact Advisor at any time with questions regarding program account.

ITEM 9 – Additional Information

Disciplinary Information

None

Other Financial Industry Activities and Affiliations

Advisor is only in the business of providing investment advice. However, associated persons of Advisor are separately licensed as registered representatives through LPL. In this capacity, the associated person can sell securities to clients and receive normal and customary compensation in the form of commissions.

Associated persons are also insurance agents. In such capacity, they may offer fixed and variable life insurance products and receive normal and customary commissions as a result of any purchases made by clients.

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

A copy of Advisor's code of ethics is available to clients or prospective clients upon request by contacting Callahan Financial at (513) 421-0800 or <http://www.callahancincy.com>.

Advisor and its associated persons may invest in or otherwise own an interest in the same securities that are recommended to clients within program accounts. This creates a potential conflict of interest. All associated persons are required to place the interests of clients ahead of their own when making personal investments. In addition, Advisor requires that client transactions be placed before associated person personal transactions. Personal trading by associated persons is monitored by the Advisor. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor may not deem appropriate to buy or sell for clients.

Advisor does not engage in principal transactions with its clients in program accounts.

Neither Callahan Financial nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

Review of Accounts

In addition, all program accounts are subjected to a risk based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity, and concentration. The exception reporting identifies accounts where additional scrutiny or analysis by Advisor may be appropriate.

For those clients to whom Callahan Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Kevin Egan, the Chief Compliance Officer.

Kevin Egan, the Chief Compliance Officer, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

During any month that there is activity in the program account, client will receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, client will receive a confirmation of each transaction that occurs within the program account unless the transaction is the result of a systematic purchase, redemption or exchange. Client will also receive a detailed quarterly report showing performance, positions and activity from LPL Financial.

Other Compensation

Advisor and its associated persons may receive additional non-cash compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by Advisor's employees and associated persons.

Callahan Financial does not directly or indirectly compensate any person who is not a supervised person for client referrals.

There are no other economic benefits provided by someone who is not a client for providing investment advice.

Financial Information

Custody

LPL Financial is the qualified custodian and maintains custody of client funds and securities in a separate account for each client under the client's name. LPL Financial as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL Financial sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.

Although most securities available in program accounts are custodied at LPL Financial, there are certain securities managed as part of the account that are held at third parties, and not at LPL Financial. For example, variable annuities, hedge funds and managed futures are often held directly with the investment sponsor. For those outside positions, client will receive confirmations and statements directly from the investment sponsor.

For outside positions not custodied at LPL Financial, LPL Financial may receive information (e.g., number of shares held and market value) from the investment sponsor and display that information on statements and reports prepared by LPL Financial. Such information also may be

used to calculate performance in performance reports prepared by LPL Financial. Although Advisor believes that the information provided by LPL Financial is accurate, Advisor recommends that clients refer to the statements and reports received directly from the investment sponsor and compare them with the information provided in any statements or reports from LPL Financial. The statements and reports provided by LPL Financial with respect to outside positions should not replace the statements and reports received directly from the investment sponsor.

Brokerage Practices

In the Callahan Financial Wrap program, Advisor requires that clients direct LPL Financial as the sole and exclusive broker-dealer to execute transactions in the account. LPL Financial is not paid a commission for executing transactions. Because associated persons of the Advisor are licensed with LPL Financial, this presents a conflict of interest. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to LPL Financial, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

Advisor may receive support services and/or products from LPL Financial, which assist the Advisor to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products used by Advisor in furtherance of its investment advisory business operations

Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Advisor to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Advisor may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Advisor may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If Advisor does not aggregate orders, some clients purchasing securities around the same time may receive a less

favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

Item 10 – Requirements for State Registered Advisers

In 1987, Callahan Financial LLC started with a vision and passion for helping individuals navigate through life's financial challenges and surprises by offering securities through an independent broker/dealer and advisory services through an unaffiliated registered investment advisor. The approach is one of advocacy, we are on your side and we advocate for you and always look out for your best interest as part of our fiduciary duty.

In 2016, WealthCor LLC became an SEC registered investment advisor, doing business as Callahan Financial, to directly offer asset management and financial planning services, while using LPL Financial LLC as the qualified custodian for advisory assets. Later in 2016, the firm converted its registration status to be a state registered investment advisor rather than SEC registered. The firm also offers securities as a “doing business as” name for LPL Financial LLC a member FINRA*/SIPC** broker/dealer, a separate unaffiliated legal entity. LPL Financial LLC is the largest independent broker dealer in the country with thousands of employees working behind the scenes with us to help serve you.

* **FINRA (Financial Regulatory Authority)** is dedicated to investor protection and market integrity through effective and efficient regulation of the securities industry. FINRA is not part of the government but an independent, not-for-profit organization authorized by Congress to protect America's investors by making sure the securities industry operates fairly and honestly.

<http://www.finra.org>

** **SIPC (Securities Investors Protection Corporation)** was created under the Securities Investor Protection Act as a non-profit membership corporation. SIPC oversees the liquidation of member broker-dealers that close when the broker-dealer is bankrupt or in financial trouble, and customer assets are missing. In a liquidation under the Securities Investor Protection Act, SIPC and the court-appointed Trustee work to return customers' securities and cash as quickly as possible. Within limits, SIPC expedites the return of missing customer property by protecting each customer up to \$500,000 for securities and cash (including a \$250,000 limit for cash only).

<http://sipc.org>

Management

Joe Callahan serves as the CEO of the firm and is a Certified Financial Planner™ with over twenty-five (25) of industry experience. He also earned a Bachelor of Science in Business Administration from the University of Cincinnati. Joe has passed the following FINRA Series examinations FINRA 7, 24, 63 and 6 and has his State Life and Health licenses. In addition to managing the firm, Joe spends his time on a number of activities that matter to him:

- Youth coach in football, basketball, baseball, and rugby;
- Big Brothers' Association for the past 42 years, first as a little brother and now as a big brother;
- CASA advocate for children with ProKids;
- Mission and disaster relief activist; and,
 - Providing relief for victims of tornadoes, hurricanes, floods, etc.
 - Traveling to other countries to create self-sustaining opportunities and hope.
- City Gospel Mission.

In 2011, Joe was awarded the Altruism Award by *Registered Rep* magazine for “Advisors with Heart.”

Kevin Egan serves as the Chief Compliance Officer, Director of Business Development and Relationship Manager, he is also a financial advisor. Kevin is a native Cincinnati who graduated from the University of Cincinnati in 1986 with a Bachelor of Science in Business Administration. Prior to joining Callahan Financial, Kevin spent 20 years as a small business owner and he continues to serve as a non-managing member with a 25% ownership interest in a partnership (KETE, LLC) that owns real estate and operates a restaurant within that real estate. He does not receive regular compensation but he does receive an annual distribution based on profits. Kevin has passed the following FINRA Series examinations: 7, 24, 66 and has his State Life and Health licenses. Kevin is an avid runner and outdoorsman and resides in Loveland OH. He coaches or has coached youth soccer, volleyball, basketball and is a proud member of the Cincinnati Wolfhounds Rugby Football Hall of Fame.

Investment Advisor representatives of Callahan Financial are restricted to providing services and charging fees based on total assets under management in accordance with the descriptions detailed in the account agreement. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with Callahan Financial are also registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. Callahan Financial and LPL Financial are not affiliated legal entities.

- Neither Joseph Callahan or Kevin Egan has not been involved in an arbitration or material events that requires disclosure.
- Neither Joseph Callahan or Kevin Egan is not compensated for advisory services with performance-based fees.
- Neither Joseph Callahan or Kevin Egan has a relationship or other arrangement with an issuer of securities. Any such financial industry activity and affiliation is disclosed in Item 10 of the ADV 2B.