

# **Torch Wealth Management**

a dba of  
**Journey Advisory Group, LLC**  
(formerly Dynasty Advisor Group, LLC)

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## **Form ADV Part 2A – Firm Brochure**

March 25, 2020

This brochure provides information about the qualifications and business practices of Torch Wealth Management (“Torch Wealth”), a business name of Journey Advisory Group, LLC (“Journey”) (formerly Dynasty Advisor Group, LLC). If you have any questions about the contents of this brochure, please contact us at (859) 888-0355 or [tyler@journeyadvisory.group](mailto:tyler@journeyadvisory.group). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Torch Wealth Management or any person associated with Torch Wealth Management has achieved a certain level of skill or training.

Additional information about Torch Wealth Management and Journey Advisory Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (CRD# 171919 / SEC# 801-79934).

## ITEM 2 - MATERIAL CHANGES

**March 25, 2020**

The purpose of this page is to inform you of material changes since the previous annual update of this brochure dated March 29, 2019. If you are receiving this brochure for the first time, this section may not be relevant to you.

This brochure reflects the business practices of Torch Wealth Management, a business name of Journey Advisory Group, LLC (formerly Dynasty Advisor Group, LLC). We review and update this brochure at least annually to confirm that it remains current. If we determine that an interim update is meaningful, or that notification is required, we will notify our clients promptly.

The following are material changes we have made since the previous annual update on March 29, 2019:

Effective January 3, 2020, Journey purchased the client accounts and certain other assets of Torch Wealth Management, LLC (CRD # 168815), a Registered Investment Adviser based in Cincinnati, OH. Letters requesting written positive consent from the clients of Torch Wealth were sent beginning late December 2019. The acquisition resulted in a meaningful increase in the amount of Assets Under Management of Journey Advisory Group, LLC.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

This brochure reflects the business practices of Torch Wealth Management (“Torch Wealth”), a business name of Journey Advisory Group, LLC. Journey Advisory Group, LLC (“Journey”) is a privately-owned limited liability company headquartered in Covington, Kentucky. Journey is registered as an investment adviser with the U.S. Securities and Exchange Commission. Journey has four office locations, one each in Ohio, California, Kentucky, and Texas. (Previously, Journey’s legal name was Dynasty Advisor Group, LLC. The change of name became effective December 1, 2019.)

Journey was founded in 2014. The firm’s principal owners are Tyler S. Lang, CFA and Stephan Lang (through the Stephan Lang Family Trust). Senior Financial Advisor James W. Owens and Director of Operations/Financial Advisor Kathryn C. McNeely hold minority interests in Journey.

Tyler Lang serves as Managing Member, Chief Compliance Officer, and Portfolio Manager of Journey Advisory Group, LLC. In these roles, Tyler oversees the activities of the various office locations. Tyler is assisted by various individuals who serve in the roles of Portfolio Manager, Research Analyst/Trader, Financial Advisor, Chief Financial Officer, Director of Operations, Director of Client Services, Director of Compliance, etc.

The investment advisory services of Torch Wealth Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Journey Advisory Group, LLC. Information about our investment adviser representatives is available in our brochure supplement (which is also known as Form ADV Part 2B).

### **Torch Wealth offers the following services to advisory clients:**

#### *Individual Portfolio Management Services (IPMS)*

Our firm provides continuous and regular asset management of client funds based on the individual needs of the client. Through personal discussions, goals are discerned and established based on the client's circumstances. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client’s prior investment history, as well as family composition and background. We then develop the client's personal investment policy. We create and manage a portfolio based on that policy.

Advisory accounts are generally managed on a discretionary basis within a predetermined risk tolerance established by the client. Account supervision is guided by the client's stated objectives (i.e., capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may request reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client’s portfolio has been established, we review the portfolio on a regular basis and, if necessary, rebalance and adjust consistent with the client's investment policy.

Our investment recommendations may include advice regarding the following securities:

1. Exchange-listed securities
2. Mutual Funds
3. Exchange Traded Funds (ETFs)
4. Securities traded over-the-counter
5. Foreign issuer
6. Option Contracts on Securities
7. Warrants
8. Corporate debt securities (other than commercial paper)
9. Commercial paper
10. Certificates of deposit
11. Municipal securities
12. United States government securities
13. Variable life insurance
14. Variable annuities
15. Interests in partnerships investing in real estate
16. Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Torch Wealth may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. Torch Wealth may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below.

We describe the fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

## Financial Planning Services

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio as they related to the client's goals and objectives.
- **INSURANCE:** We may review existing policies for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection, and assisted living needs. (Torch does not provide legal advice, however.)

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client that may include a questionnaire completed by the client and written reports. Should the client choose to implement the recommendations contained in the plan, where applicable, we suggest the client work closely with his/her attorney, accountant and insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include retirement, tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within three months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Our financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

We describe fees charged for financial planning services below under ***Item 5 - Fees and Compensation***.

### *Retirement Plan Consulting Services*

Torch Wealth offers retirement plan consulting services to qualified retirement plans. Our services may include but are not limited to: fee transparency benchmarking; evaluating and selecting service providers; optimizing plan design; transition services; education services; investment monitoring; fiduciary compliance; preparation of Investment Policy Statement (IPS); analysis meetings; and acting as 3(38) co-fiduciary. The specific consulting services provided to each plan client will be determined with the client.

For participant directed retirement plans, Torch Wealth will recommend a range of investment options, generally in mutual funds, to be made available to participants in the plan. The named fiduciaries of the retirement plan are responsible for reviewing and approving these options. For non-participant trustee directed retirement plan clients, Torch Wealth will recommend the investment options to the named fiduciaries of the retirement plan. Torch Wealth offers periodic monitoring of investment performance as agreed to with the plan client.

Torch Wealth's recommendations are based on the investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. Recommendations are made in accordance with the plan's written investment guidelines and any legal and/or client restrictions communicated to us. Torch Wealth may assist the plan client with the preparation of a written investment policy statement that is based upon the plan's specific goals and objectives. All plan clients are responsible for informing Torch Wealth of any changes to their investment policy statement, guidelines and any restrictions.

Torch Wealth may also offer portfolio construction and/or educational services for participants of retirement plans. All services provided will be outlined in the written investment services agreement executed with each plan client.

### *Limitations on Investments*

Torch Wealth recommends investments on a non-discretionary basis to qualified retirement plans. In making our recommendations, Torch Wealth is limited to those investment providers and investment options chosen by the plan administrator. Therefore, Torch Wealth can only make recommendations to the plan client from among the available options, and will not recommend other securities, even if there may be better options elsewhere.

### *Consulting Services*

Torch Wealth offers other financial consulting as requested by the client.

We describe the fees charged for consulting services below under ***Item 5 - Fees and Compensation***.

### *Non-Managed Assets*

With respect to investment management services, Torch Wealth will only be responsible for the supervision and management of securities we recommend. Torch Wealth will not be responsible for the

supervision or management of non-managed assets. Non-managed assets may include securities held in a client's account that is under management with Torch Wealth that were:

1. Delivered into the account by the client;
2. Purchased by the client;
3. Purchased by Torch Wealth at the request of the client as an accommodation; or
4. Designated by the client to be non-managed securities by written notification.

## **Tailored Services and Client Imposed Restrictions**

Torch Wealth manages client accounts based on the asset allocation and investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. Torch Wealth applies the recommended asset allocation and strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommended asset allocation and investment selections may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Torch Wealth informed of any changes to their investment objectives or restrictions.

Clients may request certain restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or desires a certain level of cash distributions. Clients may also request reasonable restrictions on the specific securities or security types in the account on the condition that such restrictions do not materially interfere with Torch Wealth's responsibility to manage the portfolio consistent with the clients' personal investment policy as described above. Torch Wealth reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

## **Wrap Fee Programs**

Torch Wealth does not manage accounts as part of a wrap or bundled fee program.

## **Assets Under Management**

Through Journey Advisory Group, LLC, Torch Wealth Management provides continuous and regular asset management of client funds, on a discretionary basis. Non-discretionary services may also be offered. As of February 28, 2020, the total amount of assets under management for all offices under Journey was \$541,353,678 (all of which was managed on a discretionary basis).



## ITEM 5 - FEES AND COMPENSATION

### Fee Schedule

#### Individual Portfolio Management Services

The standard annualized fee for Individual Portfolio Management Services (IPMS) will be charged as a percentage of assets under management, according to the following schedule:

	Assets Under Management	Maximum Annual Rate
First	\$1,000,000	1.00%
On next	\$4,000,000	0.75%
Over	\$5,000,000	0.50%

The above table serves as our base fee schedule; however, the fee for each client is negotiable and determined based on the scope and complexity of the services provided and will appear on a separate Investment Advisory Fee Schedule.

Importantly, Journey Advisory Group charges differing fees through its other offices in CA, KY, and TX, some of which are lower while some are higher.

Torch Wealth Management believes that its annual fee is reasonable in relation to: (1) the services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering comparable services/programs.

#### Financial Planning/ Consulting Services

Torch Wealth's fee schedule for Financial Planning and Consulting Services is predominately based on an hourly rate. Estimated total fees may be predetermined with the client and the planner. In some cases a flat fee is quoted to the client. Flat fees are charged for such standardized work as some retirement projections, and some tax planning schedules.

Fees for written financial plans may range from \$500 to \$5,000 depending on the complexity of the plan. Fees for consultations are billed at the rate of \$200 per hour. Services provided by the Administrative staff are billed at \$75 per hour. Torch Wealth, in its discretion, may choose to waive the financial planning fee.

Flat fees for such work as investment policy statements, financial analysis, retirement projections, and tax projections may range from \$200 to \$2,500.

### Retirement Plan Consulting Services

Torch Wealth charges an asset management fee for retirement plan consulting services. Our annual fee generally ranges from 0.10-0.50% of the value of the plan assets. The fee charged to each client is negotiable and determined based on the scope and complexity of the services provided to the plan.

Lower fees for comparable services may be available from other sources.

## **Billing Method**

### Financial Planning/Consulting Services

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200. The balance is due upon completion of the plan or at intervals agreed upon by the client and the planner.

### Investment Management & Retirement Planning Services

Torch Wealth's advisory fees are payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee rate each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter. The formula used for the calculation is as follows:  $(\text{Annual Rate}) \times (\text{Total Assets Under Management at Quarter-End}) / 4$ .

For new client accounts, the first payment is a pro-rata calculation due upon execution of the advisory agreement that takes into consideration the number of days remaining in the month and the initial value of the portfolio. The formula used to calculate the initial advisory fee would be as follows:  $(\text{Result of Monthly Calculation}) \times (\text{Days Remaining in Month}) / (\text{Total Number of Days in Month})$ . For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays.

With client authorization, Torch Wealth will instruct the custodian to automatically withdraw our advisory fee from the client's account. Typically, we authorize the custodian to withdraw our advisory fee from the client's account during the first month of each quarter. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statements will show the deduction of the advisory fees.

You should review your account statements received from the qualified custodian(s) and verify that the investment advisory fees are being calculated and deducted correctly. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

## **Other Fees and Expenses**

Torch Wealth's fees do not include custodian fees. Clients pay all brokerage commissions and other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to Torch Wealth. See **Item 12 - Brokerage Practices** below for more information on the factors that Torch Wealth considers in selecting or recommending broker-

dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition, the shares of mutual funds held in a client's account are subject to fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Torch Wealth for investment advisory services are separate and distinct from the fees and expenses charged by the mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Torch is a "fee only" advisor and does not receive compensation for the sale or purchase of any product and/or security.

A client could invest in a mutual fund directly, without using our services. In that case, the client would not receive the services we provide, which include assisting the client in determining which mutual fund or funds we feel are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the advisory fees we charge to understand the total amount of fees the client will pay and evaluate the advisory services we provide accordingly.

**ERISA Accounts:** Torch Wealth is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Torch Wealth may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

## Termination

Either party may terminate the advisory agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing to Torch Wealth at our office.

Torch Wealth will refund any prepaid, unearned advisory fees based on the effective date of termination, using the following formula:  $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$ .

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Torch Wealth will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, Torch Wealth will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

## Other Compensation

Torch Wealth does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Torch Wealth does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## ITEM 7 – TYPES OF CLIENTS

Torch Wealth provides discretionary investment advisory and financial planning services to individuals, high net worth individuals, trusts and estates, charitable organizations, corporations or other business entities, pension and profit-sharing plans, and individual participants of retirement plans.

### Account Requirements

Generally, Torch Wealth requires clients to maintain a minimum account size of \$500,000. We may combine family accounts to meet the account size minimum. Torch Wealth may reduce or waive the account minimum requirements at our discretion.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

Torch Wealth Management uses the following methods of analysis in formulating investment advice:

Fundamental - This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in determining the position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical - This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets may be indications of future performance.

There are risks involved in using any analysis method.

To conduct analysis, Torch Wealth Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

## **Investment Strategies**

Torch Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year. Typically, we will keep a security longer than a year however market conditions or the direction of the particular company may cause us to sell sooner.

Short term purchases. Investments sold within a year for the above stated reasons

Option writing including covered options and spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

We offer two strategies for utilizing options in portfolios.

One is for accounts that want to increase income and reduce risk. This will be accomplished by utilizing both "call - writes" and "put -writes". These strategies allow us to generate extra income while either reducing positions at a stated price or initializing positions at a stated level. These are conservative oriented strategies.

The other strategy is to buy protective puts on a portfolio to use as a shield against a market downturn. This protection can be bought at the appropriate level and duration based upon client needs and risk tolerance. This is a strategy much like buying insurance.

## **Recommendation of Types of Securities**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk - The stock market as a whole goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk - Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk - When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You may also incur brokerage costs when purchasing ETFs.
- Management Risk - Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### *Tax Consequences of Mutual Funds*

When investors buy and hold an individual stock or bond in a taxable account, the investors are liable for income taxes each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax unless and until the investor actually sells and makes a profit. Mutual

funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's distributed capital gains (if any). That is because the law requires mutual funds to distribute capital gains to shareholders if the fund sells securities for a profit that cannot be offset by a loss.

### *Investing Outside the U.S.*

Investing outside the United States may involve additional risks of foreign investing. These risks may include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Investments in developing countries can further heighten the risks described above. A developing country may be in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

Developing countries may have less developed legal and accounting systems. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect security prices. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. Securities markets in these countries are also relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid than securities issued in countries with more developed economies or markets.

## **Financial Planning**

The financial planning tools Torch Wealth uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use estimates of future returns of asset classes, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide Torch Wealth and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and

personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Torch Wealth and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Torch Wealth does not have any disciplinary information to disclose.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Tax Preparation Services**

Journey offers tax return preparation services through its former Pennington Financial Group office in Gold River, CA primarily to investment portfolio clients. Fees are determined by the complexity of the tax return and typically range from \$250 to \$1,500.

### **Related Investment Adviser**

Torch Wealth/Journey Advisory Group, LLC is related to Lang Advisors, LLC ("Lang Advisors"), another registered investment adviser that offers similar services. Torch Wealth/Journey Advisory Group and Lang Advisors are under common ownership. Tyler Lang is Managing Member, Chief Compliance Officer, and Portfolio Manager of both Journey and Lang Advisors. In these roles, Tyler oversees the activities of five physical offices and approximately twenty-two employees/associates. Tyler oversees the compliance aspects of Lang Advisors and also provides portfolio management as well as business development input and guidance. Tyler is assisted by various individuals who serve in the roles of Portfolio Manager, Research Analyst/Trader, Financial Advisor, Chief Financial Officer, Chief Investment Officer, Director of Operations, Director of Compliance, etc.

Tyler, the Chief Financial Officer, the Director of Compliance, the Research Analyst/Trader, and a portfolio manager split their time between Journey and Lang Advisors as needed, generally spending approximately 85% of their working hours on duties related to Journey Advisory Group. Lang Advisors has its own financial advisors and operations personnel. The financial advisors under Lang Advisors share portfolio management duties with Tyler.

Additional information regarding the duties and any outside business activities of Tyler and other advisory personnel can be found in our brochure supplement. Journey Advisory Group and Lang Advisors have no other relationship or agreements with each other.



## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Torch Wealth/Journey believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Torch Wealth/Journey has adopted a Code of Ethics that emphasizes the high standards of conduct that we seek to observe. Torch Wealth's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Torch Wealth's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Torch Wealth's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

Torch Wealth will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### **Employee Personal Securities Transactions Disclosure**

Torch Wealth Management or associated persons of the firm may buy or sell for their personal accounts, securities identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Torch Wealth Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments.

We strive to be in compliance with all applicable state and federal rules and regulations at all times. Consistent with our fiduciary obligation, we have developed personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Personal securities transactions must never adversely affect clients.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider" and the client has disclosed this to us.
- Associated persons are discouraged from conducting excessive personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the Chief Compliance Officer.
- Torch Wealth does not engage in Principal Transactions nor effect Internal Cross Transactions

Any associated person not observing our policies is subject to sanctions up to and including termination.

## ITEM 12 - BROKERAGE PRACTICES

Torch Wealth requires clients to open one or more custodial accounts in their own name at a qualified custodian ("Custodial Broker"). Torch Wealth generally recommends the use of Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and Member SIPC, as the Custodial Broker and we place client transactions through Schwab.

The client will enter into a separate agreement with Schwab to custody the assets. Torch Wealth/Journey is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

Schwab may charge commissions (ticket charges) for executing our transactions. We do not receive any part of these separate charges. Schwab may provide us with access to their institutional trading and custody services, which are typically not available to their retail investors. These services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Torch Wealth's clients who have their assets held at Schwab will not be charged separately for custody, as Schwab is compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through Schwab or that settle into the client's account at Schwab.

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

Torch Wealth considers several factors in recommending Schwab to clients, including availability of funds, ease of use, reputation, service, execution, pricing and financial strength. Torch Wealth may also take into consideration the availability of the products and services received or offered (detailed below) by Schwab.

#### *Research and Other Benefits*

Torch Wealth may receive from particular broker-dealers/custodians, without cost (or at a discount), support services and/or products that benefit Torch Wealth but may not directly benefit our clients' accounts. Schwab makes available products and services that may be used to service all or some substantial number of Torch Wealth's accounts, including accounts not maintained with these brokers.

Schwab makes available products and services that assist Torch Wealth in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of Torch Wealth's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help Torch Wealth manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and
3. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may make available, arrange, and/or pay third-party vendors for the types of services provided to Torch Wealth. Schwab may discount or waive fees it would otherwise charge for some of these services, reimburse Torch Wealth for the cost of conferences or related expenses, or pay all or a part of the fees of a third-party providing these services to Torch Wealth. Schwab may also provide other benefits such as educational events or occasional business entertainment of Torch Wealth personnel.

Because of Journey's professional relationship with Schwab, they may offer Journey discounts for services of affiliated or unaffiliated companies

As part of our fiduciary duty to clients, Torch Wealth endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Torch Wealth or our personnel in and of itself creates a potential conflict of interest and may indirectly influence Torch Wealth's recommendation of Schwab for custody and brokerage services.

### Brokerage for Client Referrals

Torch Wealth does not receive client referrals from any broker-dealer in exchange for using that broker-dealer.

### Directed Brokerage Transactions

Torch Wealth Management recommends that its clients utilize the brokerage and custodial services provided by Schwab. In client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Torch Wealth Management will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Torch Wealth Management. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Clients with 401K or annuity accounts are not required to use Schwab, and Torch Wealth will work with the custodian of the account.

## **Aggregation and Allocation of Transactions**

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

day. Torch Wealth Management shall not receive any additional compensation or remuneration as a result of such aggregation.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Managed Account Reviews**

All accounts are under continuous review as we operate in a top-down manner. This means that we start with an economic outlook and from that ascertain the direction we believe interest rates will move and the potential for earnings. This allows us to make a call on the market. From that point we will over/under weight various sectors. The final decision is the security selection. Accounts will be viewed to make sure that they are in conformity with the above decisions as well as their own individual investment policy. Our policies provide that based on market conditions we may vary your allocation by +/-15% in each asset category. In extreme market conditions we may ask your approval for an even broader range. Account reviews include a review of your investment strategy and objectives. If any changes are necessary, they will be made at that time. Reviews are conducted by the Investment Adviser Representative and are performed in accordance with your investment goals and objectives.

In addition, we may conduct a special review of an account based on one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

### **Financial Plan Reviews**

Torch Wealth portfolio managers are responsible for creating and reviewing clients' financial plans. Torch Wealth will generally contact clients annually to discuss any changes in the client's circumstances and necessary updates to the financial plan. We will also work with clients on an ongoing basis to review the plan as requested by the client.

### **Account Reporting**

Each client receives a written statement from the custodian, no less than quarterly, that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, for investment management clients Torch Wealth prepares a written report detailing performance in a client's account, which is reviewed with the client at least annually.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Custodial Broker Support Products and Services**

We receive an economic benefit from Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at

Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab’s products and services to us.

## **Referral Arrangements**

Torch Wealth Management does not directly or indirectly compensate any person for client referrals.

## **Outside Compensation**

Torch Wealth may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to Torch Wealth. Torch Wealth will not refer clients to financial planners and other investment advisers unless they are licensed, registered or exempt from registration as an investment adviser.

Torch Wealth does not receive any monetary compensation for referring our clients to unaffiliated professionals. However, it could be concluded that Torch Wealth is receiving an indirect economic benefit from this practice as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to Torch Wealth. These referrals do not involve in any way client brokerage or the use of client commissions. Torch Wealth will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals.

## **ITEM 15 - CUSTODY**

Clients’ accounts are held primarily by Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. (“Schwab”), a qualified custodian.

Torch Wealth Management does not accept custody of client funds or securities. In other words, we are not granted access by our clients which would enable us to withdraw or transfer or otherwise move funds or cash from their account to our account. This does not apply, however, to a situation where we would deduct our advisory fee from client accounts or process a standing letter of authorization (SLOA) or journal, as explained below. Our policy of not accepting custody is for the safety of our client’s assets. Also, Torch Wealth Management employees do not accept clients’ online usernames and passwords at any time.

With a client’s consent, Torch Wealth may be provided with the authority to seek deduction of our contracted advisory fee directly from the client’s account. This process is generally more efficient for both the client and the investment adviser.

On February 21, 2017, the SEC issued a no-action letter clarifying that standing authority (also known as a standing letter of authorization or “SLOA”) to move money from a client’s account to a third-party account is “custody” within the meaning of Investment Advisers Act Rule 206(4)-4 (the “Custody Rule”).

The SEC also stated that any accounts that meet the following seven conditions (the SEC refers to them as “representations”) will not be subject to the “independent verification” requirement under Rule 206(4)-2(a)(4), also known as the annual surprise accountant’s examination. Seven Conditions Schwab processes and procedures to meet the conditions:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed. The paper and electronic forms that Schwab uses to establish a standing letter of authorization (SLOA) must be signed by the client and includes the third party’s name and address or account number.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time. Schwab’s SLOA forms (whether paper or electronic) require a client’s signature to indicate in writing that the client has authorized the advisor to direct transfers to identified third party(s) by giving instructions to Schwab regarding those transfers.
3. The client’s qualified custodian performs appropriate verification of the instruction such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer. Schwab uses signature verification or similar means as a qualified custodian to verify the client’s authorization reflected on the SLOA form. Schwab provides a transfer of funds notice to the client within one to two business days after each transfer.
4. The client has the ability to terminate or change the instruction to the client’s qualified custodian. The client has the ability to contact Schwab directly to terminate or change instructions, either in writing or verbally.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction. Other than a request by the advisor to terminate its authority on an SLOA, Schwab does not allow an advisor on its own to make any changes to the SLOA. Any change relating to the third party - including identity, address, or account number - requires that the client submit a new form.
6. Torch Wealth Management maintains records showing that the third party is not a related party of Torch Wealth Management or located at the same address and is responsible for meeting this condition.
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction. As of March 2017, Schwab sends the client a notification in writing, confirming the instruction, within one to two business days of the SLOA being established. As of June of 2017, Schwab will send the client an annual notice reconfirming the SLOA instruction. This notice will be sent every year while an SLOA is in effect.

For client accounts where we have fee-deduction authority, or when an SLOA is executed, the following procedures apply:

1. As mentioned above, clients' accounts are held primarily by Charles Schwab, a qualified custodian.
2. Clients will receive statements directly from the Qualified Custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Torch Wealth's fee. We urge clients to carefully review and reconcile Custodian's and Torch Wealth's statements promptly when they receive them.
3. Each billing period, we send clients a statement showing the value of the client's assets upon which we based the fee, the amount of the fee, and how we calculated the fee.
4. We send the amount of our fee to the custodian. It is the client's responsibility to verify the accuracy of the fee calculation. Schwab will not determine whether the fee is properly calculated.

## ITEM 16 - INVESTMENT DISCRETION

Torch Wealth has full discretion to decide the specific securities to trade, the quantity, and the timing of transactions for client accounts. Torch Wealth will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

If you decide to grant trading authorization only on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Please Note: Transactions for directed accounts will generally be executed following the execution of similar transaction for non-directed accounts and may not receive the most favorable execution.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### **Proxy Voting**

Unless otherwise agreed to in writing, Torch Wealth Management does not vote proxies on behalf of Clients. Therefore, it is your responsibility to vote all proxies for securities held in the Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Torch Wealth/Journey does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.