

## Form ADV Part 2A: Firm Brochure

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*This brochure provides information about the qualifications and business practices of Wheeler Frost Associates Inc., specifically describing the automated, online investment management platform services provided under the name Fat Cat Wealth.*

*If you have any questions about the contents of this brochure, please contact us at (619) 491-0225, or by email at [compliance@wfawealthmanagers.com](mailto:compliance@wfawealthmanagers.com). 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.*

*Wheeler Frost Associates Inc. dba Fat Cat Wealth may refer to itself as a "registered investment adviser". Clients should be aware that registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about Wheeler Frost Associates and Fat Cat Wealth (CRD# 105736) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*



## ITEM2-MATERIAL CHANGES

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Since we filed our first brochure for Wheeler Frost Associates, Inc. dba Fat Cat Wealth revised this Brochure to reflect material updates to the following item:

Item 4 Advisory Business – The principal owners of WheelerFrost Associates, Inc. have agreed to sell 100% of WheelerFrost Associates, Inc. to a third-party. These four individuals will continue to be employed by the Adviser for the next several years. We will be operating under a new name but account management and reporting will stay the same. The account agreement stays in effect and the Client Agreement also stays in effect but will be reassigned to reflect the change of ownership and control.

Other non-material changes have been made to this Brochure, therefore we encourage each client to read the complete ADV Part 2A carefully and to call us with any questions you may have.

## FULL BROCHURE AVAILABLE

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Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (619) 491-0225 or by email at [compliance@wfawealthmanagers.com](mailto:compliance@wfawealthmanagers.com).



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## ITEM 4-ADVISORY BUSINESS

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### FIRM DESCRIPTION

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Wheeler Frost Associates, Inc. was founded in 1982 and is an SEC Registered Investment Adviser. Wheeler Frost Associates, Inc. is owned by Peter Wheeler (69.48%), Kenneth Frost (17.37%), David White (9.73%), and Joseph Phillip Arce (3.43%). The principal owners have recently agreed to sell 100% of Wheeler Frost Associates, Inc. to a third-party. These four individuals will continue to be employed by the Adviser for the next several years. We will be operating under a new name but account management and reporting will stay the same. The account agreement stays in effect and the Client Agreement also stays in effect but will be reassigned to reflect the change of ownership and control.

Wheeler Frost Associates, Inc. provides its advisory services under the following names;

- WFA Wealth Managers offers full-service wealth planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and small businesses.
- Fat Cat Wealth hereinafter (“Adviser” or “Fat Cat”) provides an automated investing solution to meet the needs of a new generation of investors. It is a lower-cost automated portfolio management offering that uses Schwab Institutional Intelligent Portfolios™ as its platform.

The information below describes Fat Cat’s lower-cost automated portfolio management offering.

### ADVISORY SERVICES

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Fat Cat provides portfolio management services on a discretionary basis to individuals, IRAs, and revocable living trusts (collectively “Client”).

Fat Cat offers its automated investment program (the “Program”) through which Clients are invested in a range of investment strategies Fat Cat has constructed and manages using a portfolio of exchange-traded funds (“Funds”) and a cash allocation. The Client may instruct Fat Cat to exclude up to three Funds from their portfolio. The Client’s portfolio is held in a brokerage account opened by the Client at Charles Schwab & Co., Inc. (“CS&Co”).

Fat Cat uses the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisers and an affiliate of CS&Co., to operate the Program. Fat Cat is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). Fat Cat, and not Schwab, is the Client’s investment adviser and primary point of contact with respect to the Program. Fat Cat is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the Client, choosing a suitable investment strategy and portfolio for the Client’s investment needs and goals, and managing that portfolio on an ongoing basis. Fat Cat has contracted with SPT to provide our firm with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables Fat Cat to make the Program available to Clients online and includes a system that automates certain key parts of our investment process (the “System”). Based on information the Client provides to us, Fat Cat will recommend a portfolio via the System. The Client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Fat Cat then makes the final decision and selects a portfolio based on all the information Fat Cat has about the client.



The System also includes an automated investment engine through which Fat Cat manages the Client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the Client is eligible and elects). The System uses an algorithm (the "Algorithm") - a set of rules embedded in a computer program - to (1) propose an initial portfolio based on a Client's answers to the online questionnaire; (2) identify portfolio rebalancing opportunities; (3) identify tax-loss harvesting opportunities; and (4) initiate buy/sell orders for the tax-loss harvesting and/or rebalancing opportunities it has identified, as detailed below. The Algorithm is designed to perform a review of client accounts and holdings to identify rebalancing and tax-loss harvesting opportunities as well as to initiate buy or sell orders when such opportunities exist.

**Rebalancing:** Based on an Algorithm, the System will rebalance a Client's account periodically by generating instructions to CS&Co to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the Client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by Fat Cat, (ii) Fat Cat decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Fat Cat decides to change a Client's investment strategy, which could occur, for example, when a Client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

**Tax-Loss Harvesting:** The Platform includes a tax loss harvesting option which Fat Cat has elected to make available to qualifying Clients. In order to qualify, Clients must have a minimum balance of \$50,000 in their applicable Program account at enrollment in tax-loss harvesting and \$40,000 at the time of the applicable trade. When a tax-loss harvesting trade event occurs, the primary ETF is sold and the secondary ETF is purchased, per the ETF pairing chosen by Fat Cat. After selling for a loss, wash sales are avoided for the 30-day window in all individual accounts as well as in linked spousal accounts within the Program and managed by Fat Cat. Accounts outside the Program are not monitored for the purpose of wash sales. Fat Cat only monitors for tax-loss harvesting for accounts within the Program. A wash sale is a sale at a loss and purchase of the same ETF or substantially similar security within 30 days of each other. If a wash sale transaction occurs, the IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash sale period for any sale at a loss consists of 61 calendar days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. The wash sale rule postpones losses on a sale if replacement shares are bought around the same time.

The effectiveness of the tax-loss harvesting strategy to reduce the tax liability of the client will depend on the Client's entire tax and investment profile, including purchases and dispositions in a client's (or client's spouse's) non-Program accounts and type of investments (e.g., taxable or non-taxable) or holding period (e.g., short-term or long-term). There is no guarantee that the tax-loss harvesting strategy will reduce, defer or eliminate the tax liability generated by a client's investment portfolio in any given tax year.

**Sweep Program:** Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in the Program, Clients consent to having the free credit balances in their brokerage accounts at CS&Co swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the Program. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If Clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital



gains (or losses) for tax purposes. In accordance with an agreement with CS&Co, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

Fat Cat's advisory services are designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Fat Cat is the Client's investment adviser and primary point of contact. Regular and continuous internet access is required to engage Fat Cat's services. Fat Cat provides Clients with an online investment management solution that includes paperless account opening, paperless funding experience, and automation in certain key aspects of the investment process. Fat Cat will determine the overall appropriateness of the Adviser's services for each client. Fat Cat offers its automated investment solutions through an online platform described above. The platform includes an online questionnaire that helps Fat Cat determine the Client's investment objectives, risk tolerance and goals to ultimately tailor Fat Cat's advisory services to the individual needs of the Client. Based on the responses provided by the client, Fat Cat selects the appropriate corresponding model portfolio. Fat Cat will then monitor and manage the portfolio on an ongoing basis.

Fat Cat charges Clients a fee for our services as described below under *Item 5 Fees and Compensation*. Fat Cat's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that Fat Cat selects to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the Client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

Fat Cat does not pay SPT fees for the Platform so long as Fat Cat maintains \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If Fat Cat does not meet this condition, then Fat Cat pays SPT an annual licensing fee of 0.10% (10 basis points) on the value of our Clients' assets in the Program. This fee arrangement gives Fat Cat an incentive to recommend or require that our Clients with accounts not enrolled in the Program be maintained with CS&Co.

We also offer the above-referenced Program under the name of WFA Wealth Managers as one of several types of advisory services offered to more established investors.

## INVESTMENT MANAGEMENT AGREEMENT

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Prior to rendering any services, Clients are required to enter a written agreement with the Adviser setting forth the relevant terms and conditions of the advisory relationship. The Adviser provides a selection of discretionally managed investment portfolios using Exchange Traded Funds (ETF) exclusively. The Adviser provides the following services for all ETF Portfolios:

- *Asset Allocation.* Determine the most efficient allocation of capital to appropriate asset classes for each ETF Portfolio.
- *Fund Selection.* Select appropriate ETFs from the available universe for each ETF Portfolio.
- *Portfolio Monitoring.* Regularly monitor all ETF Portfolios to ensure that economic conditions, market performance, and the asset mix remain consistent with ETF Portfolio objectives.
- *Periodic Reporting.* Provide a quarterly performance report via a secure web service.



## ASSETS UNDER MANAGEMENT

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As of December 31<sup>st</sup>, 2019, the Adviser manages approximately \$ 288,603,597 in assets. Approximately \$262,454,427 is managed on a discretionary basis for 306 Clients and approximately \$26,149,170 is managed on a non-discretionary basis for 15 Clients. Included in the discretionary assets under management total is approximately \$7,030,273 of Program assets.

## ITEM 5-FEES AND COMPENSATION

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The Adviser charges a fee of one half of one percent (.50%) per annum, payable quarterly, in arrears (.125% per quarter) for Program Portfolio Services. In the first quarter, the fee will be prorated based on the number of days that the account was open during the quarter. Fees are deducted from a Client's Program account at Schwab. Fat Cat's portfolio management fee is negotiable at the discretion of the Adviser and will be set forth in the Client's written Investment Management Agreement.

## TERMINATION OF ADVISORY SERVICES

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In the event of termination, fees will be pro-rated to the date of termination (30 days after the receipt of written notice) and collected from the account prior to the removal of Fat Cat as adviser.

## OTHER FEES

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In addition to Fat Cat's portfolio management fee, Clients pay the operating expense ratio ("OER") of ETFs used in the Program, including Schwab ETFs™, which affects the performance of Program accounts. Account performance is also affected by the Cash Allocation and the Sweep Program (defined below).

As described in *Item 4 Advisory Business*, Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

Clients may incur sales charges, redemption fees, and other costs, as well as tax consequences if they redeem or make other transactions in ETFs, mutual funds or other investments in order to fund Program accounts. To the extent that cash used by clients to fund their Program accounts comes from redemptions of mutual fund shares, ETFs or other investments outside of the Program, there may be tax consequences or additional costs from sales charges previously paid and redemption fees incurred.

Clients should carefully review all fees charged by ETFs (as described in the applicable prospectus), Fat Cat and others to fully understand the total amount of fees paid by the Client for investment and financial-related services.

## ITEM 6-PERFORMANCE BASED FEES

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Fees are not based on a share of the capital gains or capital appreciation of managed securities. The Adviser does not use a performance-based fee structure.

## ITEM 7-TYPES OF CLIENTS

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The types of clients eligible to use Fat Cat's services and the Schwab Institutional Intelligent Portfolios™ platform are determined by Schwab. Currently, Individual, Custodial, Community Property, Joint Tenants, Tenants in Common, Contributory IRA, Roth Contributory IRA, Rollover IRA, SEP IRA, SIMPLE IRA, and Revocable Living Trusts (with identical grantor and trustee) are eligible to enroll in the Program. That list is revised periodically and additional types of clients may be added in the future by Schwab entirely at its discretion. Clients that are organizations (such as corporations and partnerships) or government entities, and Clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

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### METHODS OF ANALYSIS

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Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

### INVESTMENT STRATEGIES

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Fat Cat uses investment strategies for the Program that consist of diversified portfolios of ETFs combined with the Cash Allocation in a single account. The Cash Allocation is an allocation to the Sweep Program. Each investment strategy is designed to be consistent with a combination of investment return objectives and risk tolerances. These investment strategies are intended for taxable accounts, tax-deferred accounts or income generation.

Fat Cat may select the investment strategy types which are part of the Program Default Family of strategies including Total Return Taxable, Total Return Municipal, Income Taxable, Income Municipal. Fat Cat may also create additional strategies outside of the Default Family and assign available ETFs to a created strategy.

Strategies may include long-term purchases, short-term purchases. Fat Cat utilizes an asset allocation process that involves selecting a mix of asset classes and the efficient allocation of capital to those asset classes. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific Client is based upon the objectives stated by the Client. The Client may change these objectives at any time.

### RISK OF LOSS

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Fat Cat invests in ETF securities to carry out its investment strategies. Investments in securities, including ETFs and the securities that they, in turn, invest in, involve various risks, including those summarized



below. In addition, each ETF has its own investment style, which may involve risks different from those described below. Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear. Securities investments are not guaranteed and you may lose money on your investments. Clients should understand that investing in any securities involves a risk of loss of both income and principal.

The fundamental risks of investing in equity securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (the risk that you will be unable to sell an asset); economic risk (the risk of a general downturn in the economy); and tax risk (the risk that the value of investments will be adversely affected by changes in tax laws).

The fundamental risks of investing in fixed income securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (limited or no marketability); economic risk (the risk of a general downturn in the economy); tax risk (the risk that the value of investments will be adversely affected by changes in tax laws); and business risk (the risk of inadequate profits or losses due to uncertainties.)

Exchange traded funds (ETFs) are investment funds that are traded on stock exchanges. They invest in different securities like stocks, bonds, real estate investment trusts, etc. The prices of ETFs may differ from the underlying value of the securities within the ETF as they are traded on an exchange and thus exposed to the supply and demand forces of market participants. Price premiums and discounts arise, especially for those ETFs that aren't traded very frequently. (ETFs) shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities such as the equity and fixed income risks discussed above. In addition, shareholders are liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

There are limitations inherent in the use of an Algorithm to manage Program accounts; for instance, the Algorithm is designed to manage Program accounts according to the asset allocation selected for that account and is not designed to actively manage asset allocations based on short-term market fluctuations. The Algorithm is also not designed to consider certain factors such as short-term asset class volatility or individual tax circumstances such as capital gains taxes; rather, its functions consist of proposing a portfolio based on a client's answers to the online questionnaire, identifying opportunities for tax-loss harvesting and rebalancing, and initiating buy/sell orders accordingly. Investment advisory personnel of CSIA oversee the Algorithm but do not personally or directly monitor each individual Program account. There is also a risk that the Algorithm and related software used in the Program for tax-loss harvesting and rebalancing, and related functions may not perform within intended parameters, which may result in a recommendation of a portfolio that may be more aggressive or conservative than necessary, and trigger or fail to initiate rebalancing and/or tax-loss harvesting trading..

Before entering into an agreement with Fat Cat, a Client should carefully consider: (1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time the Client's assets may fluctuate and at any time be worth more or less than the amount invested.

## **ITEM 9-LEGAL AND DISCIPLINARY INFORMATION**

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The Adviser and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

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

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**National Advisors Trust Company** - Peter R. Wheeler has a minority ownership interest in a savings and loan holding company, National Advisors Holding, Inc. ("NAH") that has formed a federally chartered trust company, National Advisors Trust Company ("NATC"). NAH and NATC are regulated by the Office of the Comptroller of the Currency (OCC). The trust company provides a low-cost alternative to traditional trust service providers.

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

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### **CODE OF ETHICS**

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The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective Clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

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Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers, and employees may invest personally in securities of the same classes as are purchased for Clients and may own securities of the issuers whose securities are subsequently purchased for Clients. If an issue is purchased or sold for Clients and any of the Adviser, managers, members, officers, and employees on the same day purchase or sell the same security, either the Clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the Clients shall receive a more favorable price. The Adviser and its managers, members, officers, and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for Clients.

In addition, Fat Cat's Chief Investment Officer (CIO) and other staff are members of the Association for Investment Management and Research (AIMR), and are bound by a Code of Ethics and Standard of Practice, a copy of which is housed in a Standards of Practice booklet and can be requested for viewing by Clients. The Code of Ethics and Standards of Practice applies to Fat Cat as is required by such members of AIMR. One of the areas reviewed for activity in employee investment accounts is for front running, whereby employees purchase securities or sell securities before Clients in anticipation of such Client purchases and sales impacting the value of the investment. Such activity is not allowed and is seen as an unethical business practice in contravention to Fat Cat's code of conduct and standards of practice.

### **PERSONAL TRADING**

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The Chief Compliance Officer of the Adviser is Joseph P. Arce. He reviews all employee trades each quarter (except for his own trading activity that is reviewed by another principal or officer of the Firm). The personal trading reviews are designed to ensure that the personal trading of employees does not adversely affect the markets and that Clients of the firm receive preferential treatment.



## ITEM 12-BROKERAGE PRACTICES

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Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While Clients are required to use CS&Co. as custodian/broker to enroll in the Program, the Client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. Fat Cat does not open the account for the Client. If the Client does not wish to place his or her assets with CS&Co., then Fat Cat cannot manage the Client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Clients that elect to open their account at CS&Co. will use the Institutional Intelligent Portfolios® platform and have all transactions routed to CS&Co. for execution. As a result, Clients should be aware that this practice may not always result in the most favorable price as compared to another broker-dealer. CS&Co. works to confirm Clients receive best execution. Best execution does not solely seek the most favorable priced execution but instead seeks the best execution based on both quantitative and qualitative factors. Clients will not be charged commissions on transactions on either platform.

Fat Cat takes into account a number of factors when recommending a brokerage firm including commission rates, the financial stability and reputation, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping and other services the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers.

## RESEARCH AND OTHER BENEFITS

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Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like Fat Cat. Through Schwab Advisor Services, CS&Co. provides Fat Cat and our Clients with access to its institutional brokerage services— trading, custody, reporting, and related services - many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help Fat Cat manage or administer our Clients' accounts, while others help Fat Cat manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on Fat Cat giving particular investment advice, such as buying particular securities for our Clients. A more detailed description of CS&Co.'s support services follows.

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the Client and the Client's account.

CS&Co. also makes available to us other products and services that benefit Fat Cat but may not directly benefit the Client or the Client's account. These products and services assist Fat Cat in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. Fat Cat may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help Fat Cat manage and further develop our business enterprise. These services include educational conferences and events; technology, compliance, legal,



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

CS&Co. may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co. may also provide us with other benefits such as occasional business entertainment of our personnel.

Fat Cat's relationship with Schwab Advisor Services™ that provides benefits other than execution creates a conflict of interest because Fat Cat has an incentive to recommend the Program based on its interest in receiving research and related services. Fat Cat examined this conflict of interest when the firm decided to enter into a relationship with Schwab Advisor Services™ and determined that the relationship is in the best interest of Fat Cat's Clients and satisfies Fat Cat's Client obligations, including the firm's duty to seek best execution.

### **DIRECTED BROKERAGE**

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Fat Cat does not allow directed brokerage. Clients enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co.

### **ORDER AGGREGATION**

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CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for Fat Cat's Clients and accounts for clients of other independent investment advisory firms using the Platform.

### **BROKERAGE FOR CLIENT REFERRALS**

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Fat Cat does not receive Client referrals from a broker-dealer or third party when recommending brokers for Client accounts.

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

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### **PERIODIC REVIEWS**

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Account reviews are performed quarterly by the CIO. In addition to quarterly supervision of accounts, the firm regularly reviews accounts to ensure that the investments and portfolio mix are consistent with the Client's Investment Policy Statement.

### **REVIEW TRIGGERS**

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Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a Client's financial or personal situation.

### **REGULAR REPORTS**

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Through the Institutional Intelligent Portfolios website and mobile app, clients can view real-time balances and performance to date of their investments. In addition, Fat Cat Clients receive electronically a separate confirmation of each transaction and an account statement (at least quarterly) detailing positions and



activity in their accounts. The statement includes a summary of all transactions made on the Client's behalf, all contributions and withdrawals made to or from the account, all fees and expenses charged to the account, and the account value at the beginning and end of the period.

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

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### **CLIENT REFERRALS**

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The Adviser has entered into solicitor relationships with qualified individuals or firms who are paid to refer Clients to the Adviser. All solicitors may only provide impersonal investment advice by recommending the Firm's services.

The terms of all solicitor arrangements are defined by a contract between the solicitor and the Adviser which sets forth the term of the agreement and the form of compensation to the solicitor. The solicitor is required by the Adviser to present a disclosure to all prospects and Clients which details the compensation to the solicitor and other general terms of the relationship between the solicitor and the Adviser. The solicitor must have the Client sign this disclosure and return it to the Adviser prior to receiving any compensation from the Adviser.

### **REFERRALS TO THIRD PARTIES**

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The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them.

### **OTHER COMPENSATION**

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Fat Cat receives an economic benefit from Custodians in the form of the support products and services they make available to Fat Cat and other independent investment advisers that have their Clients maintain accounts at Custodians. These products and services, how they benefit Fat Cat, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*).

The availability of Custodians' products and services to Fat Cat is not based on Fat Cat giving particular investment advice, such as buying particular securities for Fat Cat Clients.

## **ITEM 15-CUSTODY**

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The Adviser does not accept or permit the Firm or its associated persons to obtain custody of Client assets to include cash, securities, acting as trustee, providing bill paying service, have password access to control account activity or any other form of controlling Client assets. All checks or wire transfer to fund Client accounts are required to be made out to/sent to the account custodian and transferred to the custodian by the end of the next business day.

### **ACCOUNT STATEMENTS**

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All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to Clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

## **ITEM 16-INVESTMENT DISCRETION**

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The Program consists of discretionary portfolio management through a diversified portfolio of ETFs and a Cash Allocation.

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

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### **PROXY VOTES**

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Fat Cat does not have or accept authority to vote Clients' securities (i.e., proxy voting) in the Program. Clients will handle all proxy voting and administration of corporate actions related to securities held in Program accounts.

## **ITEM 18-FINANCIAL INFORMATION**

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The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients and the Adviser has never been the subject of a bankruptcy petition.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for Client funds or securities, and does not require prepayment of fees of more than \$1,200 per Client, and six months or more in advance.



## ADDITIONAL INFORMATION

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### BUSINESS CONTINUITY PLAN

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The Adviser has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key personnel.

#### Disasters

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The Business Continuity Plan covers natural disasters such as hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

#### Alternate Offices

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Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention, if possible, to contact all Clients within five days of a disaster that dictates moving our office to an alternate location.

#### Succession Plan

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The Adviser maintains a Buy/Sell Agreement between and among all partners to cover death, disability or separation of a partner.

#### Summary of Business Continuity Plan

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A summary of the Business Continuity Plan is available upon request to the Adviser's Chief Compliance Officer.

### INFORMATION SECURITY PROGRAM

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The Adviser maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### PRIVACY POLICY

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WheelerFrost Associates, Inc., dba Fat Cat Wealth ("Fat Cat"), recognizes and respects the privacy expectations of our clients. Our clients entrust us not only with their hard-earned assets, but also with their personal and financial data. We consider our clients' data to be private and confidential, and we hold ourselves to the highest standards of trust and fiduciary duty in their safekeeping and use.<sup>1</sup>

**We do not sell your personal information to anyone.**

**We collect nonpublic personal information about our clients from the following sources:**

- *Account Applications and other Forms*, which may include a client's name, address, social security number, and information about a client's investment goals and risk tolerance;



- *A Client's Professional Advisors such as attorneys and accountants*, who may provide financial, investment history and tax information about a client;
- *Account History*, including information about the transactions we have ordered for you and balances in your account; and
- *Correspondence*, written, electronic or telephonic between you and us or your broker or custodian and us.

**Fat Cat will not release information about you or your accounts to any third party unless one of the following conditions is met:**

- We receive your prior consent;
- We believe the recipient to be you or your authorized representative, including your attorney or accountant;
- The recipient is a broker, custodian or other service provider with whom we must share information in order to manage your account properly; or
- We are required by law to release the information to the recipient

**We will only use information about you and your accounts to:**

- Help us better serve your investment and financial needs,
- Suggest services or other materials that may be of interest to you, and
- Administer our business.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide our services to you. We also maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**We will adhere to the policies and practices described in this notice whether you are a current, former or prospective client.**

We may revise our privacy policy in the future. If you would like a current copy of our privacy policy, you may view it on our website, at [www.fatcatwealth.com](http://www.fatcatwealth.com) or by calling (619) 491-0225, or you may also reach us toll free at (866) 478-8794.

<sup>1</sup> Throughout the policy, we use "you" and "your" to include not only our existing clients, but also prospective clients. We refer to information that personally identifies you or your accounts as "personal information."



**Form ADV Part 2B: Brochure Supplement**

Wheeler Frost Associates Inc.  
dba



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San Diego, CA 92103

Phone: (619) 491-0225

Fax: (619)-491-0229

Website: [www.fatcatwealth.com](http://www.fatcatwealth.com)

E-mail: [compliance@wfawealthmanagers.com](mailto:compliance@wfawealthmanagers.com)

February 15, 2020

*This brochure provides information about principals and adviser representatives (Peter Ryder Wheeler, Kenneth Grover Frost, David P. White, and Joseph Phillip Arce) of Wheeler Frost Associates Inc. provided under the name of Fat Cat Wealth and this brochure supplements the Fat Cat Wealth's brochure. You should have received a copy of that brochure. Please contact Joseph P. Arce at (619) 491-0225, or by email at [compliance@wfawealthmanagers.com](mailto:compliance@wfawealthmanagers.com). If you did not receive Fat Cat Wealth's brochure or if you have any questions about the contents of this supplement. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.*

*Additional information about Peter Ryder Wheeler, Kenneth Grover Frost, David P. White, and Joseph Phillip Arce is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*



## BROCHURE SUPPLEMENT

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### EDUCATION AND BUSINESS STANDARDS

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Fat Cat Wealth may require that advisors have a bachelor's degree and/or further coursework demonstrating knowledge of financial planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

### PROFESSIONAL CERTIFICATIONS

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Employees have earned certifications and credentials that are required to be explained in further detail.

**CFP®:** A Certified Financial Planner® designation is offered by the Certified Financial Planner Board of Standards, Inc. (CFP Board) to candidates with at least a bachelor's degree and three years of full-time pertinent experience and that complete a CFP-board registered program or hold certain designations, including a CFA. CFP professionals must agree to be bound by the CFP Board's Standards of Professional Conduct and complete 30 hours of continuing education every two years.

**CFA®:** The Chartered Financial Analyst designation is a graduate-level investment credential awarded by the CFA Institute. Successful candidates must have a bachelor's degree from an accredited institution or equivalent educational or work experience, pass three sequential six-hour uniform examinations that demonstrate advanced skills necessary for investment analysis and decision making, and agree to abide by the CFA Institute's Code of Ethics and Standards of Professional Conduct.

**ChFC:** The Chartered Financial Consultant designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience. The candidate is required to complete seven mandatory courses which include the following disciplines: financial, insurance, retirement and estate planning; income taxation, investments and application of financial planning; as well as two elective courses involving the application of the aforementioned disciplines.

**CLU:** This designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience within the five years preceding the awarding of the designation. The candidate is required to take a series of mandatory courses which include, for example, the following: insurance planning, life insurance law, fundamentals of estate planning, planning for business owners, income taxation, group benefits, planning for retirement needs, and investments.



## PETER RYDER WHEELER

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**Date of Birth:** September 19, 1945

**Education:**

- 1968 - Bachelor of Science Degree in Business Administration (Finance) from the University of Arizona
- 1974 - Chartered Life Underwriter from the American College (CLU)
- 1982 - Chartered Financial Consultant from the American College (ChFC)

**Item 2-Business Background:**

1981 to present, President, Chief Executive Officer and Executive Committee Member, Wheeler Frost Associates.

**Item 3-Disciplinary Activity:** None

**Item 4-Other Business Activities:** Founder/Managing Partner of ElevateCDS, a technology firm.

**Item 5-Additional Compensation:** Mr. Wheeler does not receive any additional compensation from non-Clients for providing advisory services.

**Item 6-Supervision:**

Peter R. Wheeler is supervised by the Board of Directors of Wheeler Frost Associates. The Board reviews Peter Wheeler's work through frequent office interactions as well as remote interactions. The Board also reviews Mr. Wheeler's activities through our Client relationship management system. In addition, WFA has implemented a compliance program including written compliance policies and procedures and a Code of Ethics that governs the activities of WFA personnel. A copy of the Code of Ethics is available on request.

Supervisor's contact information: Board Members Kenneth G. Frost, David P. White, Joseph P. Arce

Phone: 619-491-0225

Email: [kfrost@wfawealthmanagers.com](mailto:kfrost@wfawealthmanagers.com)



## KENNETH GROVER FROST

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**Date of Birth:** April 15, 1958

**Education:**

- 1978 - Associate of Arts Degree, Treasure Valley Community College
- 1980 - Bachelor of Science Degree in Psychology, Oregon State University
- 1984 - Masters of Business Administration, Oregon State University
- 1998 - Chartered Financial Analyst (CFA®)

**Item 2-Business Background:**

1985 to present, Executive Vice President and Chief Investment Officer, Wheeler Frost Associates

**Item 3-Disciplinary Activity:** None

**Item 4-Other Business Activities:** None

**Item 5-Additional Compensation:** Mr. Frost does not receive any additional compensation from non-Clients for providing advisory services.

**Item 6-Supervision:**

Kenneth G. Frost is supervised by Peter R. Wheeler, CEO of Wheeler Frost Associates. He reviews Kenneth Frost's work through frequent office interactions as well as remote interactions. He also reviews Mr. Frost's activities through our Client relationship management system. In addition, WFA has implemented a compliance program including written compliance policies and procedures and a Code of Ethics that governs the activities of WFA personnel. A copy of the Code of Ethics is available on request.

Supervisor's contact information: Peter R. Wheeler

Phone: 619-491-0225

Email: [prw@wfawealthmanagers.com](mailto:prw@wfawealthmanagers.com)



## DAVID P. WHITE

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Date of Birth: December 31, 1958

### Education:

- 1981 – Bachelor of Science in Finance, University of Arizona

### Item 2-Business Background:

- 1994 to 2004, Registered Representative, Financial West Group
- 1994 to 2011, Principal of David White Investment Counsel
- 2011 to present, Senior Vice President and Investment Committee Member, Wheeler Frost Associates

### Item 3-Disciplinary Activity: None

### Item 4-Other Business Activities: None

**Item 5-Additional Compensation:** Mr. White does not receive any additional compensation from non-Clients for providing advisory services.

### Item 6-Supervision:

David P. White is supervised by Peter R. Wheeler, CEO of Wheeler Frost Associates. He reviews David White's work through frequent office interactions as well as remote interactions. He also reviews Mr. White's activities through our Client relationship management system. In addition, WFA has implemented a compliance program including written compliance policies and procedures and a Code of Ethics that governs the activities of WFA personnel. A copy of the Code of Ethics is available on request.

Supervisors contact information: Peter R. Wheeler

Phone: 619-491-0225

Email: [prw@wfawealthmanagers.com](mailto:prw@wfawealthmanagers.com)



## JOSEPH PHILLIP ARCE

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Date of Birth: February 27, 1967

### Education:

- 1990 - Bachelor of Science Business Administration (B.S.B.A.), Financial Real Estate and Financial Investments, University of Nevada, Las Vegas
- 1992 - MBA, Finance and International Business, Magna Cum Laude, University of San Diego

### Item 2-Business Background:

- 1993 - 1996, Portfolio Manager, First Interstate Capital Management
- 1996 - 1998, AVP/Portfolio Manager, Scripps Bank
- 1998 - 2013, Portfolio Manager and Team Leader, Brandes Investment Partners, LP
- 2014 - Present, Chief Operating Officer, Chief Compliance Officer, and Investment Committee Member Wheeler Frost Associates

### Item 3-Disciplinary Activity: None

### Item 4-Other Business Activities: None

**Item 5-Additional Compensation:** Mr. Arce does not receive any additional compensation from non-Clients for providing advisory services.

### Item 6-Supervision:

Joseph P. Arce is supervised by Peter R. Wheeler, CEO of Wheeler Frost Associates. He reviews Joseph Arce's work through frequent office interactions as well as remote interactions. He also reviews Mr. Arce's activities through our Client relationship management system. In addition, WFA has implemented a compliance program including written compliance policies and procedures and a Code of Ethics that governs the activities of WFA personnel. A copy of the Code of Ethics is available on request.

Supervisor's contact information: Peter R. Wheeler

Phone: 619-491-0225

Email: [prw@wfawealthmanagers.com](mailto:prw@wfawealthmanagers.com)



**Fat Cat**