

**Form ADV, Part 2A**



**Wealth Advisors Group**

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This brochure provides information about the qualifications and business practices of Wealth Advisors Group ("WAG"). If you have any questions about the contents of this brochure, please contact Mark VanderHagen at 260-619-3100. 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.

Wealth Advisors Group is an investment adviser registered with the Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. The oral and written communications of an Adviser provides to you with information about which you determine to hire or retain an Adviser.

Additional information about Wealth Advisors Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by using a unique identifying number known as a CRD number. WAG's CRD number is 122050.

## **Item 2 Summary of Material Changes**

This section provides a summary of the material amendments made to this disclosure brochure since WAG's last annual updating amendment dated March 12, 2020. A copy of this brochure is available at no charge at any time by contacting WAG at (260) 619-3100 or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Since the time of our last annual updating amendment dated March 12, 2020, we have updated Items 4, 5, 12 and 14 to further describe our Intelligent Portfolios, and Item 18 to disclose a PPP loan taken by our firm to help support our ongoing operations.

Other non-material amendments were made to this brochure, which are not discussed in this summary, and consequently, we encourage you to read the disclosure brochure in its entirety.

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## **Item 4 Advisory Business**

### ***Advisory Business and Ownership***

*Wealth Advisors Group, a d/b/a of Security Financial Services, Inc.*, ("WAG" or "Adviser" or "Firm") has been operating since 1991. Prior to 2010, WAG operated under the d/b/a *The Advisors Group*. Its principal owners are Mark D. VanderHagen, 65% and Joseph L. DeWald 20%, Alex Budzon, 10% and Patrick O'Connell, 5%.

### ***Types of Advisory Services***

WAG provides investment advisory services to its clients on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation, the investment and reinvestment of assets and the selection of investments. Account management is guided by the stated objectives of the client as communicated to WAG. In addition, the Adviser considers the client's risk profile and financial status prior to making any recommendations.

Based on a client's risk profile, financial net worth, need for income, time constraints, and other factors (see Item 8), a portfolio is established. Clients with portfolios of similar size and with similar risk expectations may be constructed in a similar manner. The Adviser can use strategic or tactical asset allocation approaches to portfolio management and may use a proportional combination of assets based on the expected long-term rates of return for each asset class. Client portfolios are periodically rebalanced to bring them back in line with recommended allocations. Mutual funds, ETFs and individual equities usually form the core portfolio holdings.

WAG provides financial planning, consulting and plan update services to individuals, foundations and businesses. The Adviser may also provide advice on topics that may include, but are not limited to, workplace retirement plans, and business, retirement, estate, budgetary, college, personal and business tax planning.

### ***Tailored Advice***

WAG tailors its advisory services to the individual needs of its clients. In some circumstances, WAG tailors investment portfolios for clients who impose certain restrictions on securities or types of securities. WAG will refrain from owning certain securities or types of securities in a portfolio at the client's request, and will make special arrangements for any other restrictions that a client may impose on the management of their account(s).

### ***Specialized Asset Management Services***

For those clients that require an enhanced and/or specialized level of asset management services, WAG may recommend that a portion of such clients' assets be actively managed on a discretionary basis by and/or among certain independent investment manager(s) and/or investment programs (the "Independent Manager(s)") selected by WAG, based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage Independent Manager(s) shall be set forth in separate written agreements between the client and WAG and the client and the designated Independent Manager(s). WAG shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance.

## ***Intelligent Portfolios***

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are 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. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. 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 we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under *Item 5 Fees and Compensation*. Our 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 of 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 mutual funds in the Schwab Mutual Fund Marketplace (include certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) and remuneration Schwab receives from the market centers where it routes ETF orders for execution.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay 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 us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

## ***Participation in Wrap Fee Programs***

We offer wrap fee programs as more specifically described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance and

other determining factors. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

### ***Assets Under Management***

As of February 5, 2020, WAG managed approximately \$533,431,245 in assets on a discretionary basis and approximately \$27,306,360 in assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### ***Fees***

#### ***Advisory Fees***

Management fees for fee-based accounts are paid quarterly in advance and are generally negotiable. Fees are due on the first day of the calendar quarter, and are deducted directly from the client's custodial account unless the client makes a written request to WAG to be billed directly instead. Fees are based on the account's net asset value as of the end of the last business day of the prior calendar quarter and are prorated for accounts opened during the quarter. Annualized fees are as follows:

#### ***Annualized Fees***

<u>From</u>	<u>To</u>	<u>Per Year</u>
\$100,000	\$299,999	Up to 1.75%
\$300,000	\$499,999	Up to 1.65%
\$500,000	\$749,999	Up to 1.55%
\$750,000	\$1,249,999	Up to 1.50%
\$1,250,000	\$1,999,999	Up to 1.40%
\$2,000,000	\$3,999,999	Up to 1.25%
\$4,000,000	\$6,999,999	Up to 1.10%
\$7,000,000	\$9,999,999	Up to 0.85%
\$10,000,000	\$14,999,999	Up to 0.75%
\$15,000,000 and over		Negotiable

#### ***Reporting Fees***

WAG reserves the right to charge up to \$50 per year per account in reporting fees.

#### ***Other Fees***

Apart from the fees set forth above, WAG's clients may also incur certain charges imposed by custodians, brokers, and other third parties, such as, but not limited to, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus and which are separate from the management fees paid to the Adviser. Advisory clients should note that fees for comparable services vary and lower fees for comparable services may be available from other sources. Clients may pay custodial fees, charges imposed directly by a mutual fund, index fund, or

exchange traded fund which shall be disclosed in the fund's prospectus (i.e. fund management fees and other expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. In addition, Schwab may impose a custodial fee for holding select alternative investments. These fees are not included within the advisory fee you are charged by our firm. Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fees are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy. Please see prospectuses and information provided by the fund or account custodian for further information on these fees.

Please see the Item 12 below for a discussion regarding brokerage, including the factors that WAG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions) that may be relevant to this discussion of fees.

### ***Fees for Specialized Management Services***

For those enhanced and/or specialized level of asset management services mentioned in Item 4, clients are charged one fee, which is automatically deducted from the client's custodial account. That fee is split to cover WAG's advisory fee, the Independent Manager's advisory fee, and brokerage and commission costs that are incurred by the account while under the management of the Independent Manager. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the Independent Manager's Form ADV, Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager or managers selected; or, iv) the Independent Manager's account opening documents. A copy of all relevant disclosure documents of the Independent Manager(s) will be provided to anyone interested in these programs/managers.

### ***Intelligent Portfolios***

Management fees for Intelligent Portfolios accounts are charged at the rate of 1% of assets under management per year, paid quarterly in advance. Fees are due on the first day of the calendar quarter, and are deducted directly from the client's custodial account unless the client makes a written request to WAG to be billed directly instead. Fees are based on the account's net asset value as of the end of the last business day of the prior calendar quarter and are prorated for accounts opened during the quarter. Fees are generally negotiable.

WAG reserves the right to charge up to \$50 per year per account in reporting fees.

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 in connection with the Program, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation of 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 mutual funds in the Schwab Mutual Fund Marketplace (include certain Schwab Funds and Laudus Funds) in the client's brokerage account for

services Schwab provides; and (iv) and remuneration Schwab receives from the market centers where it routes ETF orders for execution. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

### ***Refund of Fees Paid in Advance***

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees that have been pre-paid. Thereafter, either party may terminate the agreement with 30 days written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.

### ***Compensation for the Sale of Securities***

WAG 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 within fee-based advisory accounts.

Associates of WAG are also engaged in the insurance brokerage business and, in that capacity, may occasionally sell individual life insurance or annuity products from which they may receive a commission. The receipt of these commissions may present a conflict of interest in that it creates an incentive for them to recommend products based on the receipt of commissions rather than the needs of the client. If WAG's associated persons were to sell a commission based insurance product to an advisory client, WAG would not charge an asset-based fee on the value of such insurance product.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

WAG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 Types of Clients**

WAG provides portfolio management services and investment advice to individuals, high net worth individuals, and businesses that typically include physicians, small business owners, family-owned businesses, retirees, and retirement-focused individuals.

With the exception of Intelligent Portfolios accounts described below, the Adviser typically requires a minimum of \$100,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of the Adviser. In addition, the Adviser may continue to service existing accounts that have values that are below the minimum. Increased regulation and laws have made doing business much more costly, and WAG reserves the right to turn away clients for any reason.

### ***Intelligent Portfolios***

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. 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

The starting point of our investment strategy is risk management. We take a dynamic approach to risk management, realizing that each client has different return expectations, risk comfort levels, and loss thresholds. We have a risk management strategy in place, which provides us with the discipline to decrease portfolio risk when we deem the corresponding expected returns to be insufficient given the level of risk, and vice versa.

In our investment process, we don't just look at the traditional asset classes - stocks and bonds - we look at a much wider set of investment opportunities. We identify investment themes that we believe will be long-term opportunities that we can take full advantage of in our portfolios. As a result, our portfolios do not mirror the traditional benchmarks because we are not content to ride the markets up and down with a high level of volatility.

Our focus on tactically changing our asset allocation within portfolios is a key factor in our client's ability to build long-term wealth. When a particular asset type or strategy is employed, clients will always have the option to read the provided Prospectus, outlining specific risks.

WAG's first step in portfolio management is to determine risk and return objectives. Step two is determining appropriate managers to meet risk and return objectives. This is done by evaluating long-term performance, performance attribution, and portfolio allocation to find managers that meet the clients' needs. WAG uses industry standards in evaluation and does not use third parties in the portfolio manager review process.

WAG's process includes quarterly reviews of accounts and adjustments as necessary to meet the clients' risk and return objectives.

Investing in securities involves risk of loss that clients should be prepared to bear. Certain types of investments involve significant and/or unusual risks, and these will be disclosed before the type of investment is recommended. Such risks may include, but are not limited to the following:

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. In our evaluations, we pay particular attention to the fees associated with mutual funds and ETFs, as cost minimization is a priority. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Third-Party Manager Analysis: We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Long-term purchases: We purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

Neither WAG nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to your evaluation of WAG or the integrity of WAG's management.

## **Item 10 Other Financial Industry Activities and Affiliations**

As noted above in Item 5, associates of WAG are also engaged in the insurance brokerage business and, in that capacity, may occasionally sell insurance products to advisory clients from which they may receive a commission. The receipt of commissions by WAG and/or its associated persons from the sale of insurance products to advisory clients may present a conflict of interest in that it creates an incentive for WAG to recommend insurance products based on the receipt of commissions rather than the needs of the client. We address this potential conflict of interest by providing disclosure regarding the conflict and not charging any advisory fees on those insurance products.

Mark VanderHagen owns WAG Tax Services, which prepares taxes and performs bookkeeping services. This presents a conflict insofar as Mr. VanderHagen has a financial incentive for clients of WAG to work with WAG Tax Services. We address this conflict by notifying clients that they are not obligated to utilize the services of WAG Tax Services.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics ("Code") for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Adviser and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that include provisions relating to general ethical principles, reporting personal securities trading, exceptions to personal securities reporting requirements, the definition of reportable securities, reporting ethical violations, the distribution of the Code, and review and enforcement processes. The Adviser will provide a copy of the Code to any client or prospective client upon request.

WAG may, in appropriate circumstances, consistent with clients' investment objectives, cause accounts over which WAG has management authority to effect, and may recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which WAG and/or its affiliates, directly or indirectly, may have a position of interest. Conversely, WAG and/or its affiliates may invest in the same securities that are held in client accounts and may purchase or sell those securities at or about the same time such securities are recommended to or bought or sold for client accounts. In both situations, WAG's employees and persons associated with WAG are required to follow WAG's Code. The Code requires each of WAG's employees to always place the interests of clients ahead of WAG's interest or the interest of any employee. WAG's Code is designed to assure that the personal securities transactions, activities and interests of the employees of WAG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions that are not subject to the reporting requirements set forth in the Code, based upon a determination that these would not materially interfere with the best interest of WAG's clients. In addition, the Code requires pre-clearance of certain personal transactions, and restricts certain trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, a potential conflict of interest might arise because (1) WAG or its supervised persons may have an incentive to recommend, or not recommend, the sale of those securities to clients in order to protect the value of their personal investment, and (2) WAG or its supervised persons may have an incentive to place their orders before those of clients in order to obtain a better price. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between WAG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WAG's obligation to seek best execution for its clients' securities transactions. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WAG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

It is WAG's policy that the firm will not affect any principal transactions with advisory client accounts or agency cross transactions between advisory client accounts or between an advisory client account and another account where WAG or its affiliates are acting as the broker for such account. Furthermore, WAG will not effect any cross transactions between advisory client accounts.

## Item 12 Brokerage Practices

WAG seeks to obtain best execution for client transactions, *i.e.*, seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. Best execution does not only mean achieving the best price but also involves many factors, such as the characteristics of specific trades, the security being traded, quality of execution, clearance/settlement capabilities, the specific needs of the clients, and the conditions in the market at the time the order is placed.

WAG will review its best execution responsibilities when directing brokerage to any broker-dealer by determining commission discounts, the quality of the brokerage services being provided and other factors that WAG deems to be pertinent in seeking best execution.

### ***Soft Dollar Arrangements and Other Benefits***

WAG does not have any formal soft dollar arrangements. However, WAG and/or its associated persons may receive products or services from the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC; WAG is independently owned and not affiliated with Schwab. These products and services include access to research on mutual funds and other Investment Managers, client reporting and client reporting software, as well as other products or services that may not necessarily benefit only the clients who generates such benefit, but WAG as well because these benefits assists WAG in managing and administering our clients' accounts. WAG's receipt of these products or services from Schwab creates a potential conflict of interest because WAG does not have to produce or pay for these products or services as long as a total of at least \$10 million of our clients' assets are maintained in accounts at Schwab, which creates an incentive for WAG to maintain its relationship with Schwab and to continue to recommend Schwab's custodial and brokerage services. WAG's receipt of these benefits from Schwab is not contingent upon WAG committing any specific amount of business to Schwab in the form of brokerage commissions, loads, or transactions fees. A description of this relationship follows:

Schwab provides WAG and its clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help WAG manage or administer its clients' accounts, while others help WAG manage and grow its business. These support services are available at no charge to WAG. Following is a more detailed description of Schwab's support services:

**Services that benefit clients.** Schwab'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 the client might not otherwise have access or that would require a significantly higher minimum initial investment by clients. Schwab's services described in this paragraph generally benefit clients and their accounts. For WAG client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

**Services that may not directly benefit clients.** Schwab also makes available to WAG other products and services that benefit WAG but may not directly benefit individual clients or their accounts. These products and services assist in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. WAG may use this research to service all or a

substantial number of clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that provides 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 WAG's fees from its clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only WAG.** Schwab also offers other services intended to help WAG manage and further develop its business. These services include:

- Educational conferences and events
- Occasional business entertainment of WAG personnel by Schwab personnel, including meals, invitations to sporting events including golf tournaments and other forms of entertainment, some of which may accompany educational opportunities
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to WAG. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

#### **WAG's interest in Schwab's services**

The availability of these services from Schwab benefits WAG because WAG does not have to produce or purchase them. WAG does not have to pay for Schwab's services so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab. WAG has an incentive for clients to maintain their accounts with Schwab based on WAG's interest in receiving Schwab's services that benefit WAG's business rather than based on the clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. However, WAG believes that its selection of Schwab as a custodian and broker is in the best interests of the clients, and is supported by the scope, quality, and price of Schwab's services, including brokerage services that are related to the execution of securities transactions, custody, research and not Schwab's services that benefit WAG exclusively.

#### ***Brokerage for Client Referrals***

Receipt of client referrals from broker dealers is not a determining factor for WAG when selecting or recommending broker dealers to clients.

#### ***Directed Brokerage***

WAG has the discretion to determine the broker-dealer custodian on behalf of its clients and generally chooses Schwab for its beneficial combination of services, products, fees, technology, stability and reputation. WAG will consider allowing clients to direct brokerage, that is, to select the broker-dealer custodian that will maintain their advisory accounts if, upon review, WAG determines it to be consistent with the client's best interests and WAG's fiduciary duty to do so. Once a broker-dealer custodian is selected, all transactions for such accounts will be executed by the broker-dealer custodian based on transaction fee/ticket charge schedules agreed to by the client and the broker-dealer custodian at the time the custodial account is opened. Not all investment advisers require that their clients maintain their assets under management in accounts held in the custody of a specific broker-dealer or require that clients execute all transactions through a specific broker-dealer. Clients should be aware that by directing brokerage, WAG will not negotiate commissions with the broker-dealer custodian; you may

not be able to participate in any aggregated trading and may be unable to achieve favorable execution for your transactions which may cost you more money. However, if a client pays for investment advice, financial planning, or recommendations, there is nothing stopping them from implementing that advice on their own, through another financial institution or broker-dealer.

### ***Block Trading***

Although it will not be required to do so, in placing its orders to purchase or sell securities in accounts, WAG may elect to aggregate clients' orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and is not inconsistent with the terms of WAG's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client and each client that participates in an aggregated order will receive the average share price for all transactions executed as part of that aggregate order on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction, subject to any minimum transaction charges imposed by the broker-dealer and/or custodian.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for the different allocation is explained in writing and is approved in writing by WAG's Chief Compliance Officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

The Adviser's books and records will separately reflect, for each client account, the orders which are aggregated and the securities held by, and bought and sold for each client account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement. WAG will not receive any additional compensation as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

### ***Intelligent Portfolios***

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. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs 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.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program 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. However, certain retail customers may

be able to get institutional brokerage services from Schwab without going through us. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us 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 us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

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 us but do not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We 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 us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology and business consulting;
- consulting on legal and related compliance needs;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

CS&Co. provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. In some cases, CS&Co. may discount or waive its fees for some of these services or pay all or part of a third party vendor's fees. WAG does not currently receive any of discounts or waivers from CS&Co. for these third parties nor does CS&Co. pay all or part of those third-party fees. CS&Co. also provides us with other benefits such as occasional business entertainment of our personnel that do not exceed the limitations outlined in our Gift and Entertainment policy listed below:

*Supervised persons are prohibited from receiving (or giving) any gift, gratuity, hospitality or other offering of more than \$100 value from any person or entity doing business with or on behalf of Wealth Advisors Group. Cash or cash equivalents may also not be given or accepted as a gift from a client, prospective client or any entity or individual that does business with or on behalf of SFS, Inc. under any circumstances. This gift policy generally excludes items or events where the supervised persons have reason to believe there is a legitimate business purpose.*

*In addition, supervised persons are prohibited from providing or accepting extravagant or excessive entertainment (those with a value of \$300 per entertainment event) to or from clients, prospective clients or persons or entities with which Wealth Advisors Group does or seeks to do business with. This policy generally excludes entertainment events, such as dinner or sporting events of reasonable value when the person or entity providing such entertainment is present.*

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under *Item 4 Advisory Business*, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are *not* enrolled in the Program. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

## **Item 13 Review of Accounts**

WAG performs reviews of all of its advisory client accounts no less frequently than quarterly. Accounts are reviewed for consistency with the client's investment strategy and to review overall account performance, among other things. Ad hoc reviews may be triggered by changes in the client's personal, tax, or financial status or as a result of macroeconomic and company specific events.

## **Item 14 Client Referrals and Other Compensation**

Neither WAG nor any related person of WAG compensates any other person, directly or indirectly, for referring clients to WAG regardless of whether the referring party is a client or non-client. WAG also does not receive any form of compensation or economic benefit from someone who is not an advisory client of WAG for providing investment advice to WAG's advisory clients. WAG accepts compensation for providing investment advice only from clients where there exists a written agreement.

### ***Intelligent Portfolios***

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to periodic portfolio reports clients receive from us. WAG is also deemed to have custody because some Intelligent Portfolios clients have given us authorization to effect third party transfers from client accounts pursuant to standing letters of authorization.



## **Item 15 Custody**

WAG is deemed to have custody because some clients have given us the authority to directly debit advisory fees from client accounts and/or effect third party transfers pursuant to standing letters of authorization. WAG will not have physical custody of Client's funds and/or securities, rather, all funds and securities under WAG's discretionary investment management are required to be held in custody in accounts maintained by qualified custodians including Schwab.

Clients should receive custodial account statements directly from the custodian. WAG urges Clients to carefully review such statements, and contact us or the custodian with any questions or if they are not regularly receiving these statements.

Advisory clients of WAG may occasionally receive statements from WAG that include holdings and transactions information. Clients are urged to carefully compare the information in the custodial account statements received from their custodian with the information in any statements received from WAG and notify us or the custodian with any questions; the statement received from the custodian is the official record.

### ***Intelligent Portfolios***

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to periodic portfolio reports clients receive from us. WAG is also deemed to have custody because some Intelligent Portfolios clients have given us authorization to effect third party transfers from client accounts pursuant to standing letters of authorization.

## **Item 16 Investment Discretion**

WAG usually receives discretionary authority from the client at the outset of an advisory relationship to select both the securities to be bought and sold and the amount of securities to be bought or sold. In all cases, such discretion is exercised in a manner consistent with any investment guidelines and restrictions imposed by the client, which must be provided by WAG in writing.

When selecting securities and determining the amount of securities to be bought or sold, WAG observes the investment policies, limitations and restrictions imposed by the clients it advises.

Before discretionary action is taken, clients will be provided with and required to agree to and sign the Investment Advisor Agreement, which includes a provision that grants WAG discretionary authority over the client's accounts. More information about our discretionary authority is outlined in such agreement.

## **Item 17 Voting Client Securities**

As a matter of firm policy and practice, WAG does not accept the authority to vote securities and does not vote proxies on behalf of its advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios and will receive such proxies directly from their account's custodian or from a transfer agent. WAG may, however, provide advice to clients regarding the clients' voting of proxies.

Further WAG does not accept the authority to vote legal actions/bankruptcies/proofs of claim, etc. on behalf of clients; clients are solely responsible for making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets contained in the clients' account(s).

## **Item 18 Financial Information**

WAG has not been the subject of a bankruptcy petition at any time during the past ten years.

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. On April 15, 2020, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$151,800 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing advisory functions for our clients, and make other permissible payments. The loan is forgivable provided the firm satisfies the terms of the loan program.