



*Where Relationships Are the Difference*

## FORM ADV PART 2A BROCHURE

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MARCH 31, 2021

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This brochure provides information about the qualification and business practices of World Equity Group, Inc. ("WEG"). If you have any questions about the contents of this brochure, please contact us at 800-765-5004 or [compliance@weg1.com](mailto:compliance@weg1.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about World Equity Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), either by searching our firm name or IARD/CRD number identified above.



# MATERIAL CHANGES

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Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 31, 2020, there have been no material changes to this brochure.



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# ADVISORY BUSINESS

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## ABOUT WORLD EQUITY GROUP, INC.

World Equity Group (“WEG”) was founded in 1993 and is a registered investment advisor (“RIA”) with the United States Securities and Exchange Commission (“SEC”), and is also registered as a broker/dealer with the Financial Industry Regulatory Authority (“FINRA”) and SEC. WEG is licensed to conduct investment advisory and securities business as a broker/dealer and RIA in all 50 states, the District of Columbia and Puerto Rico.

WEG focuses its business on assisting its clients and their families, business entities, non-profits and other financial institutions with investment planning and management. WEG provides a variety of investment management services including actively managed portfolios, investment advisory asset management programs, wrap programs, asset allocation strategies and programs, third-party money managers and financial planning services.

## OWNERS

**Richard Steven Babjak**, born in 1963, is the President of World Equity Group, Inc. and is an investment advisor representative (“IAR”) and registered representative (“RR”) of WEG. In addition, he is the firm’s Secretary/Treasurer. He has been with the firm since September of 1997. Mr. Babjak received his BS in Business and Psychology from North Central College in 1985, and his MBA from Wayne State University in 1988. He has successfully completed the Series 4, 6, 7, 22, 24, 27, 53, 63, and 65 examinations. Mr. Babjak holds the professional industry designations including ChFC (Chartered Financial Consultant), CLU (Chartered Life Underwriter), CFS (Certified Fund Specialist) and RFC (Registered Financial Consultant).

**Robert Daniel Yarosz**, born in 1952, is the President of Compass Asset Management Division as well as an IAR and RR of WEG. He has been with WEG since September of 1997. Mr. Yarosz received his BS degree from Edinboro University in 1975. He has successfully completed the Series 6, 7, 22, 24, 63, and 65 examinations. Mr. Yarosz received his ChFC designation from American College in 1995. He is also a member of the International Association of Financial Planning and the International Association of Registered Financial Consultants.

**Descriptions of the above referenced professional designations can be found in the additional information section of this brochure.**

## SERVICES WORLD EQUITY GROUP OFFERS

WEG offers investment advisory asset management and portfolio services, investment supervisory services, financial planning and financial consulting services. Investment advisory asset management programs include both individually managed accounts and separately managed account programs. Investment advisory services are offered for accounts opened at WEG with assets held in custody at RBC Capital Markets, Pershing, LLC, or TD Ameritrade. Each custodian charges varying fees, charges and expenses for their custodial platforms. Therefore, the client could pay higher fees, charges and expenses depending on the program and custodian. Wrap-fee programs are more fully described in the ADV Part 2A – Appendix 1. WEG and its IARs who recommend investment advisory services and asset management programs to clients receive compensation as a result of a client’s participation in the program. The compensation paid to WEG with respect to asset management programs varies depending

on the program. Therefore, WEG and its IAR have a financial incentive to recommend a program that provides greater compensation to WEG or its IAR over other programs and services.

Nearly all of WEG's IARs are also dually registered as RRs and offer securities through World Equity Group, Inc. ("WEG"), a broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Most are also licensed as independent insurance agents and they solicit, offer, recommend and sell insurance products in the states in which they are licensed to conduct business. Therefore, IARs can potentially be acting in all three capacities when soliciting, offering, recommending and selling investment products, investment advisory services and/or insurance products to clients. The dual registration as RRs and IARs and also being licensed as independent insurance agents creates a conflict of interest for WEG and its IARs when they solicit, offer, recommend and sell investment and insurance products for which the client would pay a commission, while also soliciting, offering, recommending and selling investment advisory services and managing the assets in the clients' account for an investment advisory fee. The IAR may also have a financial incentive to recommend certain products based on the compensation received, rather than client's needs.

WEG and its IARs may solicit, offer, recommend and sell fee-based investment advisory services, including fee based financial planning, and fee-based asset managed accounts. IARs when also acting as RRs and/or independent insurance agents may also solicit, offer, recommend and sell securities and insurance products, including but not limited to individual stocks and bonds, open end mutual funds, closed end funds, Exchange Traded Funds ("ETFs"), fixed and variable insurance products, and non-traded alternative products, such as Real Estate Investment Trusts ("REITs"), private placements and direct participation programs ("DPPs"). The client will usually be charged a commission when purchasing these types of securities or insurance products. Depending on the type of securities product recommended and sold, and/or the nature of the investment advisory services recommended by the IARs, clients may either be charged a commission or an investment advisory fee or a combination of them. Commissions are most often charged for securities products purchased and sold on a transaction-by-transaction basis in a commission-based brokerage account or that are submitted to and held directly with a product sponsor. An investment advisory fee is usually charged based on the amount of the client's assets under management with the IAR as agreed upon under an Investment Advisory Agreement signed by the client.

The IAR will make a determination based on the client's financial situation, age, income, tax status, investment objectives, and risk tolerance whether to recommend a commission-based product or enter into an investment advisory fee relationship or a combination of both. Some securities products, such as alternative products, which include investment products that are non-traded and are generally considered to be illiquid investments may not be eligible to be placed in a fee-based investment advisory account and can only be purchased on a commission basis.

Background information regarding each Investment Adviser Representative is contained in the IAR's individual Brochure Supplement, which is known as the Part 2B Brochure Supplement of Form ADV. A copy of the Part 2B Brochure Supplement will be provided to each client on or before the client executes the Investment Advisory Agreement with World Equity Group, Inc. WEG and its IARs do not provide any advice regarding whether to participate in class action lawsuits brought by a third-party against the issuers of securities held in a client's account.

**Please refer to the Fees and Compensation Section for costs associated with each plan.**

### **Investment Supervisory Services and Individual Portfolio Management**

IARs provide continuous advice to clients regarding the investment of client funds based on the individual needs of the client. The IAR and the client discuss the client's specific financial situation,

goals, investment objectives, investment experience, time horizon, liquidity needs and risk tolerance. The IAR will then develop asset allocation strategies and/or models and make recommendations to the client to manage the client's portfolio according to those agreed upon parameters.

Investment management services are provided under a written Investment Advisory Agreement between WEG and the client. Under the terms of the Investment Advisory Agreement, the IAR is either authorized by the client to execute transactions on a discretionary basis without the requirement to contact the client or on a non-discretionary basis requiring the client's authorization for each investment recommendation. If the client's financial situation, investment objectives and/or risk tolerance change he or she should promptly notify their IAR of such changes.

**The following provides a description of the types of investment advisory services and programs offered and provided by WEG and its IARs:**

### **TYPES OF PROGRAMS:**

#### **COMPASS ASSET MANAGEMENT**

Compass Asset Management is a separately managed account program sponsored by WEG. Pursuant to the program, an IAR associated with WEG assists clients with selecting a portfolio model based on the completion of a risk, personal and financial data profile from responses provided by the client. Depending upon the client's investment objectives, goals, risk levels and other factors, the IAR selects, with the client, a program model appropriate for that client's objectives. WEG officers manage the models on a discretionary basis. There are four models designed for accounts over \$100,000 that include individual stocks, ETFs, bonds, UITs and may include mutual funds. There are two models designed for accounts under \$100,000 that do not include individual stocks, and two models designed to manage products such as variable annuities and qualified plans offered through various third-party plan administrators and their selected custodians. The investment selections for variable annuities and qualified plans are limited to the choices offered through each specific plan. Assets are not required to be invested in any particular asset class. Compass Program models apply proprietary filtering processes that evaluate market risk, asset class risk, sector risk and individual security risk using a variety of technical indicators.

#### **CUSTOMIZED ASSET MANAGEMENT PROGRAMS AND INDIVIDUALLY MANAGED PROGRAMS**

WEG offers asset management services to clients through customized programs. In such customized programs, clients may authorize WEG IARs to purchase and sell mutual funds, exchange traded funds, equities, fixed income securities and other securities authorized by WEG on a discretionary or non-discretionary basis (depending on the authority granted to the IAR) pursuant to the investment objectives chosen by the client.

In opening a customized program account, the IAR obtains personal financial, investment objective(s) and risk tolerance information from the client, and recommends an asset management account. The details of the account relationship are outlined in the client agreement for any customized program account, which may include the use of an Investment Policy Statement ("IPS") or specific investment guidelines.

A customized program account may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or

number of trades for the account, and the number and range of supplementary advisory and client related services provided.

#### **RBC ADVISOR PROGRAM**

The RBC Advisor Program is an asset management program managed by the IAR in a fee-based investment advisory account opened at WEG and held in custody at RBC Capital Markets (“RBC”). The IAR recommends an asset allocation in no-load and load-waived mutual funds, individual stocks and bonds. For clients investing solely in open-end mutual funds, when the actual allocation among the mutual funds in a client account vary from the fund allocation established by the client, the client can choose (i) to have the account automatically rebalanced, (ii) to be alerted when rebalancing would be recommended or, instead, (iii) to assume responsibility for advising their advisory representative when the client determines rebalancing should occur.

The minimum initial investment for the program is negotiated individually with each client. Accounts are charged an “assets under management” fee, based on the value of all securities in the account, plus a ticket charge of up to \$25 per transaction. These fees cover (i) an initial analysis and periodic re-evaluation of the client’s investment objectives and needs; (ii) all advisory services, including any money managers; (iii) account statements and portfolio reviews; (iv) execution costs; (v) custody; (vi) postage and handling charges, and (vii) regulatory expenses assessed on equity trades.

As part of the firm’s clearing contract with RBC Capital Markets, a monthly minimum commission threshold exists. If the threshold fails to be met in a calendar month the firm must pay RBC the difference between the amount generated and the minimum threshold. A potential conflict of interest to route orders to RBC Capital Markets to meet the minimum threshold may exist.

#### **TD AMERITRADE ADVISOR PROGRAM**

The TD Ameritrade Advisor Program is a program whereby an investment advisory representative associated with WEG manages an account held in custody at TD Ameritrade Institutional. The advisory representative makes recommendation for investments consistent with the information in the client profile, including, but not limited to, investments in securities of any kind issued by U.S. or foreign issuers, such as common and preferred stocks, warrants, options, rights, corporate or government bonds or notes, shares of money market mutual funds, cash, and permitted alternative investments. The term “securities” refers to securities or to all permitted investments in the client’s portfolio, as applicable.

The minimum initial investment for the program is negotiated individually with each client. Accounts are charged an “assets under management” fee, based on the value of all billable assets in the account. TD Ameritrade Institutional will receive either transaction-based fees or asset-based fees from acting as custodian. Additionally, TD Ameritrade Institutional may receive ancillary sources of income from client accounts, for example, interest on clients’ credit balances, 12b-1 fees, custodial and other administrative expenses.

#### **FINANCIAL PLANNING, CONSULTING AND OTHER SERVICES**

WEG offers comprehensive financial planning and consulting services, including analysis and recommendations regarding investments, retirement planning, estate planning, college planning, and business planning for appropriate clients. Implementation of plan recommendations is entirely at the client’s discretion. Plan recommendations are developed using data collected from the client.



### **ADHESION MONEY MANAGEMENT WRAP PROGRAM**

The Adhesion Money Management Program is a separately managed WRAP account program sponsored by WEG, managed by Adhesion Wealth Advisor Solutions, an overlay manager, and custodied at TD Ameritrade. Pursuant to the Program, an IAR associated with WEG, or associated with an investment advisory firm who has been provided access to the Adhesion Money Management Program, assists clients with allocating funds among several portfolio managers available in the program. The allocation is based on the personal and financial data and the investment objectives determined via a client risk profile questionnaire. Funds allocated to each portfolio manager will be held in a separate sub-account under Adhesion Wealth Advisor Solutions. Portfolio managers will have authority to invest and reinvest the funds on a discretionary basis, in accordance with a model or investment strategy maintained by the portfolio manager. Portfolio managers will invest only in accordance with their model. WEG Investment Advisor Representatives will have discretion to reallocate funds among selected portfolio managers or change portfolio managers, and clients may request funds to be reallocated at any time.

Adhesion Wealth Advisor Solutions will coordinate portfolio manager trading activity including whether and how to implement trading instructions received from the portfolio managers. Adhesion's objective is to facilitate diversification, and upon request, account rebalancing and management of tax implications of portfolio manager activities.

Adhesion Money Management is further described in detail in the ADV Part 2A – Appendix 1 – Adhesion Wrap Fee Program Brochure disclosure document and is provided in addition to this disclosure document. Some of the Adhesion programs are managed by outside registered investment advisors. Each of these advisors will provide a copy of their disclosure documents (ADV Part 2 and /or ADV Part 2A – Appendix 1) which will further describe the program, fees and risks. The disclosure document is available from your investment advisor representative or by contacting WEG at [compliance@weg1.com](mailto:compliance@weg1.com).

### **REPS CHOICE MONEY MANAGEMENT PROGRAM**

Under the Reps Choice program, an IAR of WEG will assist the client in selecting third-party portfolio managers for management of the account based on personal and financial data provided by the client. The selection of the portfolio manager is made solely by the client. The client must contact WEG in order to change portfolio managers or change allocations among portfolio managers. The portfolio managers will invest portions of the account ("subaccounts") allocated to them on a discretionary basis or will direct WEG how to invest the subaccount. Neither WEG nor the IAR will make any recommendations or provide individualized investment advice regarding specific investments or have any authority to make investments in the account or subaccounts.

Reps Choice Money Management is further described in detail in the ADV Part 2A – Appendix 1 - Reps Choice Wrap Fee Brochure disclosure document and is provided in addition to this disclosure document. Some of the Reps Choice programs are managed by outside registered investment advisors. Each of these advisors will provide a copy of their disclosure documents (ADV Part 2 and/or ADV Part 2A – Appendix 1) which will further describe the program, fees and risks. The disclosure document is available from your investment advisor representative or by contacting WEG at [compliance@weg1.com](mailto:compliance@weg1.com).

### **CRYSTAL CAPITAL PARTNERS**

Through a relationship with Crystal Capital Partners, LLC ("Crystal") we may provide our qualified clients with customized hedge fund portfolios. Crystal specializes in building customized hedge fund



portfolios that help complement the existing holdings of client investments. With Crystal's services, we will have access to top tier hedge fund managers, detailed analytics, reporting and comprehensive due diligence previously only available to the largest institutions. Most customized accounts will be invested with investment managers or investment funds through a series fund organized by Crystal. The investment managers and investment funds that we recommend will be selected from a list that has been developed by Crystal, based on its quantitative and qualitative research of the managers and funds. After a client approves the customized portfolio that we recommend, the client will invest in a series or portfolio of Crystal Capital Fund Series, LLC (the "Crystal Fund"), that is managed by Crystal. The Crystal Fund is a private investment fund that has several segregated portfolios. Each portfolio is a separate pool of assets constituting a separate fund with its own investment objectives and policies.

Our qualified clients who invest in customized hedge fund portfolios structured by Crystal Capital Partners, LLC, will compensate Crystal Capital Partners, LLC, the manager of each hedge fund, and us. Our fee will range up to an annual advisory fee of 1.5%. Crystal Capital Partners, LLC will also charge an annual fee of up to 1.5% which may include a Placement fee payable to WEG. The underlying managers' fees will vary. These fees are disclosed to investors in this product through the offering documents and agreements signed at the time the account is opened. Our advisory fees for these assets are collected by Crystal Capital Partners, LLC. Fees charged to advisory clients vary by account and are negotiated between the client and the advisor.

### **SERVICES FOR QUALIFIED RETIREMENT PLANS**

#### ***Retirement Management Systems ("RMS")***

Under the RMS program, the advisor will construct a model portfolio or customize a portfolio for each client 401(k) plan account. The 401(k) plan is held at a custodian chosen by the 401(k) plan administrator. The portfolio will be constructed based on the investments or funds available within each individual client's 401(k) plan. The model choices are conservative, balanced, growth and aggressive growth. RMS shall provide investment management services by allocating and reallocating assets within the plan consistent with the model or portfolio allocation chosen by the advisor through its IAR. Additionally, RMS provides (i) access to tools for viewing and managing Client data, including software and website access ("Program Systems"); (ii) information and/or professional evaluations regarding the qualifications and performance of investment companies ("Funds") and securities made available through the Plans; (iii) operational and administrative services in connection with Program account set-up and maintenance; (iv) calculation of the Program Fee, collection and allocation of that fee between RMS and Adviser; (v) marketing materials, and (vi) performance reporting to Clients.

The account minimum is: \$10,000.

Additional 401(k), 403(b), and other retirement plan advisory services are offered. These plans will vary based upon the Third-Party Administrator("TPA") of the plan, the plan custodian, and investment selections available under each plan.

### **THIRD PARTY MANAGEMENT PROGRAMS**

In addition to the programs managed through WEG, other programs offered by WEG are sponsored and managed by various outside, unaffiliated Registered Investment Advisors. **Each of these programs will provide a copy of their disclosure documents (ADV Part 2 and/or ADV Part 2A – Appendix 1) which will further describe the program, account minimums, fees and risks.** These additional

disclosure documents are available from your investment advisor representative or by contacting WEG at [compliance@weg1.com](mailto:compliance@weg1.com).

Clients should be aware that by engaging in these services, they will pay a direct management fee to these program managers in addition to an indirect management fee to WEG.

### **CLIENT IMPOSED RESTRICTIONS**

Advisory service programs can be tailored to the needs of individual clients. A risk tolerance profile is completed that includes the client's investment objectives, risk tolerance, time horizon, financial situation and other factors that is then used to construct a managed portfolio appropriate for that specific client.

Each client has the ability to impose reasonable restrictions on the management of the client's account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If the client's instructions are unreasonable or WEG believes the instructions are inappropriate for the client, we will notify the client that, unless the instructions are modified, we may cancel the client's account. A client will not be able to provide instructions that prohibit or restrict the investment advisor of an open-end or closed-end mutual fund or exchange-traded fund, with respect to the purchase or sale of specific securities or types of securities, within the fund. Account restrictions need to be made in writing by the client and provided to the IAR.

### **WRAP FEE PROGRAMS**

WEG participates in wrap fee programs by providing portfolio management services through the Adhesion and Reps Choice programs, which are described in each program's ADV Part 2A – Appendix 1 Wrap Fee Program Brochure. There are no differences between the way the wrap fee accounts are managed and how the other, non-wrap accounts are managed. The difference is in the fee structure. Wrap fee programs are where investment advisory services and brokerage execution services are provided for a single "wrapped fee". Other management programs typically charge a management fee in addition to ticket charges or other brokerage and custodial fees. WEG receives a portion of the wrap fees for the investment advisory services it provides.

### **ASSETS UNDER MANAGEMENT**

WEG has assets under management of \$1,026,744,527. This includes assets managed on a discretionary basis of \$944,280,265 and managed on a non-discretionary basis of \$84,464,262. The calculation determining the assets under management was completed as of March 31, 2021.

## **FEES & COMPENSATION**

### **COMPENSATION FOR ADVISORY SERVICES**

WEG provides investment advisory services for a fee based on the amount of assets under management ("AUM") in the client's account. Fees specific to each available program offered through WEG are described below. In any available program, annual fees shall not exceed 3% of the assets being managed, excluding ticket charges, fees, and other administrative costs.

### **COMPASS ASSET MANAGEMENT FEES**

Compass Asset Management accounts are charged an “assets under management” fee, based on the value of all securities in the account, plus a ticket charge of up to \$25 per transaction. These fees cover (i) an initial analysis and periodic re-evaluation of the client’s investment objectives and needs; (ii) all advisory services, including any money managers; (iii) account statements and portfolio reviews; (vi) postage and handling charges, and (vii) regulatory expenses assessed on equity trades.

The standard AUM fee schedule for Compass Asset Management is as follows:

<b><u>Assets Under Management</u></b>	<b><u>Standard Annual Fee</u></b>
\$50,000 - \$100,000	2.75%
\$100,001 - \$250,000	2.00%
\$250,001 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.35%
\$1,000,001 - \$3,000,000	1.25%
Over \$3,000,000	1.00%

Fees are negotiable. A client may terminate the advisory contract at any time in writing and receive a pro-rated refund of fees. The minimum initial investment for the program is \$50,000. The program manager may accept lower account amounts at its discretion.

### **FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

Fees charged for financial planning or consulting services will be agreed upon by the client and documented in a financial planning or consulting agreement contract, and are based on the following:

- an hourly rate up to \$300, depending on the services offered
- a negotiated flat fee
- a percentage based on the client’s investable assets
- a combination of the above.

Specialized services may also be offered using similarly negotiated rates. Travel and other miscellaneous expenses may also be charged. All fees are negotiable, and may be paid prior to or upon completion of the plan as agreed. Plan reviews may be provided, normally on an annual basis, for a similar, negotiated fee.

### **CUSTOMIZED ASSET MANAGEMENT PROGRAMS AND INDIVIDUALLY MANAGED PROGRAMS FEES**

#### ***RBC Advisor Program***

Asset management fees will be based on the value of assets under management by WEG, as determined by the custodian, and will vary by the customized program. The amount of the fee will be outlined in the client agreement executed by the client at the time the relationship is established. The asset management fee is negotiable and is payable quarterly in advance as outlined in the client agreement. The initial fee is based upon the opening account value and prorated for that quarter. A client may terminate the advisory



contract at any time in writing and receive a pro-rated refund of fees. This fee is negotiable based upon the program being implemented and the value of the account.

The actual fee is agreed upon, disclosed and documented in the client agreement.

***TD Ameritrade Advisor Program***

Asset management fees will be based on the value of assets under management by WEG, as determined by the custodian, and will vary by the customized program. The amount of the fee will be outlined in the client agreement executed by the client at the time the relationship is established. The asset management fee is negotiable and is payable monthly or quarterly in advance as outlined in the client agreement. The initial fee is based upon the opening account value and prorated for that quarter. A client may terminate the advisory contract at any time in writing and receive a pro-rated refund of fees. This fee is negotiable based upon the program being implemented and the value of the account.

The actual fee is agreed upon, disclosed and documented in the client agreement.

***World Equity Group Administrative Fee***

World Equity Group will receive an administrative fee to offset costs associated with ongoing maintenance, performance reporting and billing of accounts. This fee is included in the agreed-upon annual fee charged to the client (i.e., it is not in addition to the annual fee charged). The standard WEG Administrative fee schedule is as follows:

For asset-based accounts: up to 35 basis points

For transaction-based accounts: up to 15 basis points

WEG reserves the right to negotiate lower administrative fees for larger accounts and unbundle certain fees for services not elected by client.

**ADHESION MONEY MANAGEMENT PROGRAM**

Fees are negotiable. All fees are paid quarterly in advance. A client may terminate the advisory contract at any time in writing and receive a pro-rated refund of fees. The standard fee schedule being:

<b><u>Assets Under Management</u></b>	<b><u>Standard Annual Fee</u></b>
\$25,000 to \$250,000	2.50%
\$250,000 to \$1,000,000	2.00%
Over \$1,000,000	1.85%

Complete descriptions of the Adhesion fees and services are included in the ADV Part 2A – Appendix 1 Adhesion Wrap Fee Program Brochure. Please be sure to obtain and review a copy of the ADV Part 2A – Appendix 1 disclosure brochure before investing.

For smaller accounts (accounts under \$50,000), Adhesion offers an “ETF Select” model which offers access to low-cost passive strategists. The standard fee schedule being:

<b><u>Assets Under Management</u></b>	<b><u>Standard Annual Fee</u></b>
\$25,000 to \$50,000	1.5%

### **REPS CHOICE MONEY MANAGEMENT PROGRAM**

Fees are negotiable. Investment advisory and management fees (“AUM Fee”), are based on the market value of the client’s portfolio as determined by the custodian at the beginning of the quarter, including cash, and are paid quarterly in advance. A client may terminate the advisory contract at any time in writing and receive a pro-rated refund of fees. These fees include advisory services of Portfolio Managers, as well as execution and custody. Neither WEG, the investment advisor representative, nor the portfolio managers will be compensated on the basis of a share of capital gains or capital appreciation of the account. In addition to these fees, the client may also incur other charges, including (i) any dealer markups or markdowns and odd lot differentials, SEC-imposed fees and transfer taxes, (ii) charges imposed by broker/dealers other than WEG, (iii) offering discounts, concessions, commissions and related fees in connection with underwritten public offerings of securities, (iv) margin interest and operational fees and charges, (v) IRA fees, (vi) any redemption fees, exchange fees or similar fees imposed in connection with mutual fund transactions, and (vii) a proportionate share of any mutual or money market funds’ internal expenses, including advisory fees paid to the funds’ investment advisors, including those attributable to variable products, which are described in the products prospectus. The standard fee schedule being:

<b><u>Assets Under Management</u></b>	<b><u>Standard Annual Fee</u></b>
\$25,000 to \$250,000	2.50%
\$250,000 to \$1,000,000	2.15%
Over \$1,000,000	1.85%

Complete descriptions of the Reps Choice fees and services are included in the ADV Part 2A – Appendix 1 Reps Choice Wrap Fee Program Brochure. Please be sure to obtain and review a copy of the ADV Part 2A – Appendix 1 disclosure brochure before investing.

### **FEES FOR QUALIFIED RETIREMENT PLANS**

#### ***Retirement Management Systems***

Fees are negotiable. All fees are paid quarterly in advance. A client may terminate the advisory contract at any time in writing and receive a pro-rated refund of fees. The standard fee schedule being:

<b><u>Assets Under Management</u></b>	<b><u>Standard Annual Fee</u></b>
\$50,000 - \$100,000	2.75%
\$100,001 - \$250,000	2.00%
\$250,001 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.35%
\$1,000,001 - \$3,000,000	1.25%
Over \$3,000,000	1.00%

The account minimum is: \$10,000.

For accounts held as part of a 401(k), 403(b) or other employer sponsored plans, additional fees may be paid to the plan trustee, administrator or plan sponsor. For these types of accounts, the plan fees and expenses are described in the plan documents. Please refer to your plan administrator for information specific to these fees.

### **OTHER FEES**

All fees paid to WEG for investment advisory services are separate and distinct from the fees and expenses charged by Mutual Funds, Exchange Traded Funds (ETFs), Variable Annuities, and other Investment Managers, broker/dealers and custodians retained by clients, if any. Such fees and expenses are described in each Mutual Fund's and Variable Annuity's prospectus, each Manager's Form ADV Part 2 or ADV Part 2A – Appendix 1, or similar disclosure statement, and by any broker/dealer or custodian retained by a client. Mutual Fund, Variable Annuities, and Manager fees generally include a management fee, fund expenses, and related fees. If a Mutual Fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the Fund's prospectus. Refer to the Mutual Fund or Variable Annuity prospectus for a complete description of fees and services.

Certain ETFs pay advisory fees to their investment advisors, which reduces the net asset value of the fund. Some ETF's are organized as unit investment trusts and do not have an investment advisor. However, all ETF's do incur expenses related to their management and administration that are analogous to an investment advisor's management fee. These expenses affect the value of the investment. Please see the prospectus for a complete description of their fees and services.

### **METHOD OF FEE DEDUCTION**

Most programs charge fees in advance on either a monthly or quarterly basis as outlined in the client agreement. Accounts may be billed in arrears upon request from the client or portfolio manager at the inception of the advisory agreement. The account value of the assets under management at month or quarter end will determine the charge based on the fee agreement found in the client's advisory agreement.

The initial fee can be determined by the value of the account at the close of the opening month or quarter, by the aggregate value of the total invested assets at the time of initial allocation, by an average daily value of the assets during the remaining billing quarter, or by the total value of the account at the inception of the advisory agreement. Some management plans, such as 401(k) accounts, may require that the client be billed for services. Such invoices are payable within 30 days of the end of that billing period. A client may terminate the advisory contract at any time by notice to WEG in writing and receive a pro-rated refund of fees.

The client grants WEG and the custodians' authority to rely upon WEG and its IARs to provide instructions to disburse funds from the client's accounts if the custodians in good faith believe such instructions are for: (a) securities trading activity; or (b) the payment of investment advisory fees per the Investment Advisory Agreement. Any other instructions to disburse funds from client accounts must be authorized by the client or other persons authorized by the client to act on behalf of the client. WEG and its IARs do not have the authority to provide any instruction or to disburse funds from the client account.

### **ADDITIONAL COMPENSATION**

Investment Advisor Representatives (IARs) also can be Registered Representatives (RR) of WEG which is also registered as a broker-dealer. WEG is a FINRA-member firm that offers to purchase and sell securities for customers on [both a principal and] a commission basis. By being dually registered with both a broker-dealer and RIA, conflicts of interest can arise. The representative may have an incentive to recommend products based on the compensation received, rather than client's needs. The representative

may receive a commission on the purchase or sale of a product and also charge a management fee on the underlying assets. In addition, WEG and the IAR who is dually registered as a RR will often receive additional compensation as a RR in the form of a 12b-1 fee on assets under management that he/she also receives a management fee. To address this conflict, WEG will either recommend “no-load” mutual funds, or in the case of annuities, lower the management fee to reduce the overall cost to the client, and endeavor to seek the lowest cost product for the customers. Additional information regarding mutual fund and annuity classes and compensation can be found in those products’ prospectuses. An investor should carefully review those documents and ask questions of the IAR regarding the availability of lower cost products.

All clients have the option to purchase investment products that WEG recommends through other brokers or agents not affiliated with WEG. WEG does not sponsor or offer any proprietary products.

WEG may also engage in transactions involving new issues or public offerings sold to you at the Public Offering Price stated in the prospectus whereby an underwriting concession or allowance is paid to WEG. All such new issue transactions will be executed following the IAR making additional disclosures to you and your consent to the purchase on a transaction-by-transaction basis. Any concession paid as part of a public offering will be retained by WEG and no amount will be paid to the IAR although an IAR may indirectly benefit from WEG retaining the underwriting concession or allowance or through the sale of all or part of WEG’s securities allocation in the transaction. Allocations of new issues will be done following the IAR’s review of a client’s investment objectives, restrictions, tolerance for risk, the size of the client’s account and its other holdings, and whether the client has available cash for investment and done on a principal basis.

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## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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### **PERFORMANCE-BASED FEES**

World Equity Group does not offer performance-based fees or pricing.

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## **TYPES OF CLIENTS**

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WEG generally provides investment advice to individuals, pension and/or profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Requirements for opening an account could vary depending on the program selected, but we typically have minimum accounts size requirements of between \$25,000 and \$100,000. The account manager may, at his discretion, accept accounts below the minimum required amount.



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# METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

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## METHODS OF ANALYSIS

Methods of analysis and investment strategies include charting, fundamental, tactical, cyclical and technical analysis, independent research, and asset allocation implementation strategies. Proprietary software programs can be used to identify market points where either “buy” or “sell” signals are recognized. These signals assist the managers in implementing the specified management strategies of the various managed programs. Quantitative analysis can also be used when analyzing securities. This analysis uses current and historical pricing information to help identify trends in both the domestic and foreign equity and fixed income markets. Technical indicators such as moving averages and trend lines may be further used to identify entry and exit points. Various fundamental data such as overall economic conditions, industry outlook, interest rates and political climate are also considered.

## INVESTMENT STRATEGIES AND RISK

The investment strategies WEG uses involve multiple methods of analysis to produce a list of fundamentally and technically attractive investments. Various sectors and investments are compared based on relative strength and risk. Opportunities to invest are identified based upon the completed comparison and analysis.

All investment strategies involve risk. There is no assurance that a positive return will be obtained in any managed investment account program. Neither WEG investment advisory representatives nor portfolio managers guarantee the performance of the account, or promise any specific level of performance, or promise that investment decisions, strategies or overall management of the account will be successful. Any investment decisions portfolio managers may make for clients are subject to various market, currency, economic, political, interest rate and business risks, will not necessarily be profitable, and are subject to investment risk, including possible loss of principal.

## DISCIPLINARY INFORMATION

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This section contains legal or disciplinary events that may be material to a client’s or prospective client’s evaluation of the WEG advisory program. Any material events pertaining to WEG or members of the WEG management team are outlined below.

In August 2018, World Equity Group signed a letter of Acceptance, Waiver and Consent (“AWC”) with FINRA agreeing to a \$100,000 fine and was ordered to pay restitution in the amount of not less \$380,000 to customers who purchased L-share class variable annuity contracts with long-term income riders from the period of June 1, 2013 through May 31, 2018. Additionally, from the period of April 2013 through March of 2017, the firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure that representatives’ recommendation of variable annuities complied with applicable securities laws and regulations and FINRA rules.



In March 2017, World Equity Group signed a letter of Acceptance, Waiver and Consent (“AWC”) with FINRA and was censured and fined \$15,000 for failing to report 83 TRACE Eligible corporate debt securities transaction within the time frame required by FINRA Rule 6730.

In April 2016, World Equity Group (WEG) signed a Financial Industry Regulatory Authority (FINRA) letter of Acceptance, Waiver and Consent (AWC). The letter alleged that WEG failed to establish and maintain a supervisory program designed to identify and prevent potentially unsuitable excessive trading of equity securities. In signing the AWC, WEG was censured and fined \$50,000. The firm’s procedures were amended and enhanced as a result.

In February 2015, World Equity Group (WEG) signed a Financial Industry Regulatory Authority (FINRA) letter of Acceptance, Waiver and Consent (AWC). The letter alleged that WEG failed to implement a reasonably designed supervisory procedures regarding Anti-Money Laundering (AML), email retention, customer due diligence, trading non-traditional ETFs, private placement due diligence, non-traded REIT due diligence, and house account supervision. In signing the AWC, WEG was censured and fined \$225,000. The firm’s procedures and supervision staff were overhauled to meet industry requirements on these topics going forward.

In September 2014, World Equity Group signed a Financial Industry Regulatory Authority (FINRA) letter of Acceptance, Waiver and Consent (AWC). The letter alleged that WEG failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-Eligible Securitized Products to TRACE within the time required by Rule 6730. In signing the AWC, WEG was censured and fined \$7,500.

In December 2011, World Equity Group signed a Financial Industry Regulatory Authority (FINRA) letter of Acceptance, Waiver and Consent (AWC). The letter alleged that WEG failed to transmit all of its reportable order events to the Order Audit Trail system (OATS) for more than a year. The firm did not qualify for exclusion from the OATS reporting requirements because it routed its orders through more than a single reporting member. In signing the AWC, WEG was censured and fined. All OATS reporting requirements have since been corrected.

In December 2011, World Equity Group and Mr. Richard Babjak, President and an owner of WEG, signed a Financial Industry Regulatory Authority (FINRA) letter of Acceptance, Waiver and Consent (AWC). The AWC alleged specific deficiencies in regard to the supervision of advertisements, communications with the public, licensing and registration occurring between December 2007 and November 2008 and involved the supervision of advertising activities of one representative relative to non-securities insurance products. The AWC was signed to settle the alleged rules violations and was consented to without admitting or denying the findings. WEG and Mr. Babjak were censured and fined jointly and severally. WEG and Mr. Babjak worked cooperatively and proactively with FINRA in connection with the issues and the AWC. Mr. Babjak, as an owner and President of WEG, is ultimately responsible for all activities regarding the firm. As a result of these issues, WEG significantly enhanced its supervisory and compliance infrastructures to address the identified matters.

On November 22, 2006, the National Association of Securities Dealers (NASD) alleged that Mark Lishchynsky failed to ensure that his previous member firm’s offsite FINOP was aware of at least \$31,602.11 worth of liabilities and that the liabilities were properly recorded on the firm’s books and records in violation of NASD Rule 2110. Without admitting or denying the findings, Mr. Lishchynsky consented to the described sanction and to the entry of findings and was fined \$5,000. Subsequently, Mr. Lishchynsky was late with the final payment of the monetary fine and as a result, his license was revoked



until final payment was made. The revocation occurred on June 16, 2009, and was lifted on June 19, 2009.

Additional information about Mark Lishchynsky can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on FINRA's website at [www.finra.org](http://www.finra.org) under the BrokerCheck section. The searchable CRD number for Mr. Lishchynsky is 2478952.

Additional information about World Equity Group can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for WEG is 29087.

Additional information about Richard Babjak can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on FINRA's website at [www.finra.org](http://www.finra.org) under the BrokerCheck section. The searchable CRD number for Mr. Babjak is 2074968.

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## **OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

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### **Affiliations**

WEG is also registered as a FINRA member broker/dealer. Many Investment Adviser Representatives ("IARs") of WEG are also licensed as registered representatives of WEG's broker/dealer. Many are also licensed insurance agents representing various insurance companies. As such, IARs are able to receive separate, yet customary commission compensation resulting from implementing securities and insurance product transactions on behalf of investment advisory clients. The clients are not under any obligation to engage the IAR when considering whether to implement any investment advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While WEG and its IARs endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of IARs when making recommendations.

### **Other Outside Business Activities**

Some IARs own or are affiliated with other independent Registered Investment Adviser ("RIA") firms. These RIA firms are not affiliated with WEG and their activities are not supervised by WEG. Fees for financial advisory and planning services provided by the IAR through their own independent RIA are separate and distinct from any fees paid to WEG in their capacity as an IAR of WEG.

Certain IARs may have other business activities and offer services, such as tax preparation, accounting, legal, real estate, employee benefits consulting, or other businesses, that are outside business activities from their registration as an IAR of WEG. WEG does not supervise or receive compensation from these other outside business activities. IARs engaging in these other outside business activities do so independently of their registration with WEG.

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## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, & PERSONAL TRADING

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In accordance with SEC Rule 204a-1 of the Investment Advisers Act of 1940, the firm maintains and enforces a Code of Ethics. The Code requires employee reporting of all securities holdings and transactions and requires prior pre-clearance from the firm's Chief Compliance Officer for certain securities transactions. The Code contains requirements regarding employee compliance with all Laws, Rules and Regulations, and it contains provisions for reporting violations of the Code to the firm's Chief Compliance Officer. All WEG investment advisor representatives are expected to be honest and ethical, make full and accurate disclosures, remain in compliance with all applicable rules and regulations, and be accountable for what they do.

WEG and your investment advisor representative act as fiduciaries for you. We have a duty to act in your best interests at all times.

WEG and/ or its investment advisory representatives may at any time own or invest in the same securities it recommends to clients. All employees and IARs of WEG are required to submit to the WEG compliance department duplicate copies of all trades and account statements for review. WEG does not allow any IAR or employee to trade ahead of their clients. For individual securities such as stocks and bonds, client orders are placed first or block traded where an average price is used.

To review a copy of the firm's Code of Ethics, please make a written request to your investment advisor representative, contact WEG toll free at 800-765-5004, or email [compliance@weg1.com](mailto:compliance@weg1.com).

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## BROKERAGE PRACTICES

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### DIRECTED BROKERAGE

For accounts managed by WEG, it is required that such accounts be custodied at Pershing, RBC Capital Markets or TD Ameritrade, depending on the investment management program selected. Not all advisors require their clients to use these direct brokerage arrangements. In selecting custodial brokers for execution or recommendation to customers, WEG considers the full range and quality of services, including the value of research provided, execution capability, commission rate, financial responsibility and responsiveness to WEG in order to obtain the best execution for the client. WEG periodically evaluates the custodial broker/dealers it selects or recommends for clients. However, by directing brokerage to these firms, WEG may not be able to obtain the most favorable execution of client transactions, and this practice may cost clients more money.

### **ORDER ENTRY**

Security orders will generally be entered for execution on a first-in-first-out basis. In the event trades in the same security will be executed for multiple accounts (due to exercise of discretionary authority or simultaneous orders from customers), the trades will be aggregated and allocated by an Investment Advisor Representative in order to obtain best execution for all similarly situated customers of that Investment Advisor Representative or Portfolio Model. When trades are aggregated, allocation to each account will be determined prior to entering an aggregated trade and allocated on a pro rata basis. Orders executed at different prices will be price averaged when allocating to accounts.

### **TRADE ERRORS**

In the event a trading error occurs in a client account, WEG will restore the account to the position it should have been in had the trading error not occurred. WEG shall be responsible for any losses in trades identified in error and will reimburse the client account for losses that occur due to the error but will not reimburse any market gains. The firm corrects all trade errors through Trading Error Accounts maintained by the firm's custodians and will retain the net gains or losses.

### **BEST EXECUTION**

WEG clients may custody assets at Pershing, RBC or TD Ameritrade. These clearing firms conduct reviews of their order execution quality and WEG reviews the aggregate requirements and rationale of these reviews. WEG conducts semi-annual reviews of the various aspects of their best execution process. This is discussed in semi-annual Best Execution Committee reviews. Clients may request a copy of our complete Best Execution Policy by contacting the firm's Compliance Department.

### **SOFT DOLLARS**

WEG does not at the present time accept soft dollars arrangements.

## **REVIEW OF ACCOUNTS**

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### **FREQUENCY AND NATURE OF REVIEWS**

World Equity Group investment advisory representatives review accounts on an ongoing basis. Representatives also may conduct more thorough reviews annually or quarterly, depending on the program. WEG supervisory personnel conduct reviews to evaluate consistency of performance compared to the client's investment objectives. The Compliance Department additionally conducts reviews through an annual internal audit program.

### **REPORTS PROVIDED TO CLIENTS**

Clients receive a quarterly performance evaluation, a monthly activity summary statement, confirmation of all transactions as they occur, and a year-end tax summary. All reports are provided in writing. Additional reports may be provided depending on the program and at the request of the client. All account statements are sent to the client directly from the custodian.

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# CLIENT REFERRALS & OTHER COMPENSATION

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## SOLICITATION ARRANGEMENTS

In addition to the above programs and services, WEG also acts as a solicitor for other registered investment advisors when appropriate. World Equity Group receives a portion of investment advisory fees paid by a client to those advisors. Terms of referral fee arrangements are disclosed in a solicitor's disclosure statement provided to each client in advance.

World Equity Group, via Compass Asset Management, has entered into Solicitor (referral fee) arrangements with various non-WEG entities, whereby WEG will be referred certain clients for the purpose of rendering investment advisory services to these clients. For this referral, WEG will pay Solicitors in accordance with the fully-disclosed payment provisions of their agreement and within the guidelines noted under SEC Rule 206.

## MARKETING ALLOWANCES

In some instances, WEG may receive additional compensation from brokerage firms, insurance companies, advisory firms, and vendors to defray the costs of marketing, due diligence, training, and the firm's annual conference. These payments may result in a conflict of interest to promote a product or service over another.

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# CUSTODY OF CLIENT FUNDS & SECURITIES

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WEG does not custody client assets and uses independent third-party custodians to hold all client securities and assets. The third-party custodians include Pershing, RBC Capital Markets or TD Ameritrade. Clients receive monthly or quarterly statements, as well as trade confirmations, directly from the custodian. The custodian used will vary depending on the program.

Typically, the Adhesion Management Program accounts are held at TD Ameritrade. Compass Asset Management accounts are held at RBC Capital Markets. Customized programs are held at RBC Capital Markets and Pershing.

In selecting custodial brokers for execution or recommendation to customers, the firm considers the full range and quality of services, including the value of research provided, execution capability, commission rate, financial responsibility and responsiveness to WEG in order to obtain the best execution for the client. WEG periodically evaluates the custodial broker/dealers it selects or recommends for clients.

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# INVESTMENT DISCRETION

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WEG does accept discretionary authority to manage securities accounts on behalf of clients. Before assuming this responsibility, the client must sign a discretionary account agreement granting WEG or the



IAR trading authority on their account. Restrictions to the discretionary agreement may be made by the client prior to opening or at any time after the account is established. Any restrictions made on the account must be submitted in writing and signed by the client. Restrictions may be placed by the client to prohibit certain investments from being made. For example, a client may not want investments in certain geographical regions or with companies involved with certain activities.

## VOTING CLIENT SECURITIES

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WEG does not accept authority to vote client securities. All proxy votes received at WEG are sent either directly to the client or the advisor for execution, depending on the setup of the account. WEG advisors may offer educational guidance on the various issues subject to voting, but will not recommend a certain vote, or offer to vote on behalf of the client if they are not setup in the account to do so. In regard to the Adhesion Wrap Account Program, the client is responsible for all proxies unless the selected Portfolio Manager's policy is to vote proxies. Should a selected Portfolio Manager elect to vote proxies, the advisor shall instruct the Custodian to forward to the Portfolio Manager copies of all proxies and shareholder communications relating to the assets. Information regarding Portfolio Managers' proxy voting policies is available in each Portfolio Manager's Form ADV Part 2.

## FINANCIAL INFORMATION

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WEG has not attached a balance sheet for its most recent fiscal year because it does not have custody of client funds or securities, or require prepayment of more than \$1200 per client six or more months in advance. WEG does not have any financial conditions that are likely to impair its ability to meet its contractual obligations. WEG does employ an independent public accounting firm to annually audit its financial books and records.

## ADDITIONAL INFORMATION

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### PROFESSIONAL DESIGNATIONS OF WORLD EQUITY GROUP MANAGEMENT

**Chartered Financial Consultant (ChFC)** designation focuses on the comprehensive financial planning process as an organized way to collect and analyze information on a client's total financial situation; to identify and establish specific financial goals; and to formulate, implement, and monitor a comprehensive plan to achieve those goals. The ChFC program provides financial planners and others in the financial services industry with in-depth knowledge of the skills needed to perform comprehensive financial planning for their clients. Candidates must pass an examination for six required courses and two elective courses to earn the ChFC designation.

**Chartered Life Underwriter (CLU)** designation is a professional credential for persons involved in the life insurance business. Candidates must pass an examination for five required courses and three elective courses to earn the designation.



**Certified Fund Specialist (CFS)** A CFS focuses on the mutual fund industry. The Institute of Business & Finance (IBF) provides training in a variety of mutual fund topics, including portfolio theory, dollar-cost averaging and annuity topics. Advisors holding this designation have advanced knowledge of mutual funds.

**Registered Financial Consultant (RFC)** designation is a professional credential for persons in the field of financial planning. The designation is awarded by the International Association of Registered Financial Consultants (IARFC) to those financial advisors who can meet the standards of education, experience and integrity that are required of all its members. Candidates are required to complete a self-study process to attain the RFC designation. The preparation curriculum consists of ten volumes mirroring that of the CFP preparation and covers six topics.

**NOTE: Investors may contact the issuing organization to determine whether their advisor is currently authorized to use the designation and whether they've been disciplined.**