

## **Form ADV Part 2A**

For

**Wechter Feldman Wealth Management, Inc.**

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March 15, 2021

This Brochure provides information about the qualifications and business practices of Wechter Feldman Wealth Management, Inc. (WFWM). If you have any questions about the contents of this Brochure, please contact us at (973) 605-1448. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Wechter Feldman Wealth Management, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Wechter Feldman Wealth Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure dated March 15, 2021 amends the disclosure provided to clients as required by SEC Rules previously dated October 20, 2020. Material changes reflected in this brochure are as follows:

- WFWM has updated Custody (Item 15).

Pursuant to SEC Rules, we will ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our firm's fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will further provide a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our office at (973) 605-1448.

Additional information about Wechter Feldman Wealth Management, Inc. is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Wechter Feldman Wealth Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of Wechter Feldman Wealth Management, Inc.

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#### **Item 4 – Advisory Business**

Wechter Feldman Wealth Management, Inc. (“WFWM”) is a full-service wealth management firm providing comprehensive and integrated financial services in the fields of investment management, financial planning, and risk management.

WFWM was founded in 1984 as Wechter Financial Services, Inc. WFWM is a privately held corporation owned by David M. Feldman, CFP®, CSA (President). WFWM’s client base continues to grow primarily through client referrals. WFWM manages accounts worth approximately \$315,024,939 on a discretionary basis of assets under management and \$34,749,048 on a non-discretionary basis of assets under advisement as of December 31, 2020.

#### **Investment Management Services**

WFWM offers two types of advisory services: discretionary and non-discretionary. The majority of WFWM’s assets under management are discretionary. This means WFWM controls, or has discretion over, transactions (purchases and sales) in client accounts. WFWM typically has the ability to debit discretionary accounts for management fees.

WFWM currently recommends TD Ameritrade member FINRA/SIPC Institutional as the qualified third-party custodian for discretionary managed accounts. We complete a best execution review of alternative qualified third-party custodians on at least an annual basis. WFWM also has discretionary authority over managed 529 plans and variable annuities. If the client is able to obtain a limited power of attorney (LPOA) for a non-TD Ameritrade member FINRA/SIPC account, WFWM may assume discretionary authority to facilitate the management process.

WFWM manages participant directed employer-sponsored retirement plans, such as 401(k) plans, 403(b) plans, and deferred compensation plans, on a non-discretionary basis. WFWM may also manage other investment accounts on a non-discretionary basis if the client does not obtain an LPOA. Non-discretionary advisory services are provided through statement reviews and/or password and pin online access, which enables WFWM to track the client’s investment choices, performance, and make recommendations. Clients are responsible for executing time-sensitive transactions in non-discretionary accounts based on WFWM’s recommendations.

WFWM’s combination of discretionary and non-discretionary advisory services provides a holistic approach to investment management. We ensure the client’s total portfolio is managed consistently and monitored as a whole. As a fiduciary, it is our responsibility to act in the client’s best interest. Portfolio-level reporting enables WFWM to manage both types of accounts in line with the client’s goals and investor profile.

WFWM’s investment management process begins with the development and annual update of an Investment Policy Statement (IPS). An IPS covers the myriad of building blocks that

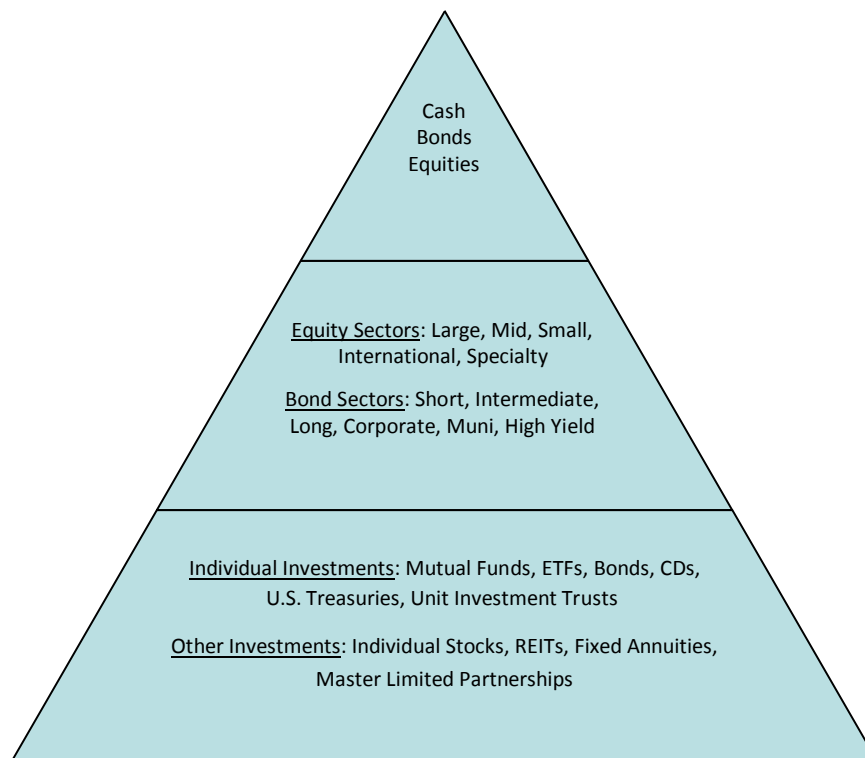
shape the client's investor profile and management strategy, including objectives, rate of return expectations, risk tolerance, withdrawal needs, planned contributions, time horizon, tax sensitivity, legal constraints, and any unique limitations the client may choose to impose on the portfolio. Clients may instruct WFWM to purchase, retain, sell, or avoid a particular investment. However, requiring us to hold or avoid specific investments or investment types within the portfolio may limit our ability to fully implement and manage the portfolio's allocation, and these imposed limitations may have a material effect upon the portfolio's overall performance.

The development of an IPS requires the objective evaluation of a client's risk tolerance. WFWM uses a 25-question psychometric questionnaire that quantifies investor risk profiles with a score ranging from 0 to 100, and places the score into one of seven risk groups. The seven risk groups form a bell-shaped curve with most investors in the middle at risk group 4. Risk tolerance, along with the other factors of the IPS, is then used to assign one of WFWM's portfolio models.

WFWM offers seven portfolio models for asset allocation, which range in risk from conservative to aggressive. Portfolio model asset allocation targets are reviewed and updated at least annually. WFWM's "fully-invested" portfolio models are currently as follows:

<b>Portfolio Model</b>	<b>Risk Profile</b>	<b>Fully-Invested Asset Allocation Targets (as of January 1, 2017)</b>
College Preservation	Conservative	25% Fixed Income 75% Cash & Equivalents
College Income	Conservative	15% Equities 45% Fixed Income 40% Cash & Equivalents
Capital Preservation	Conservative	30% Equities 55% Fixed Income 5% Cash & Equivalents 10% Certificates of Deposit
Current Income	Moderately-Conservative	43% Equities 48% Fixed Income 4% Cash & Equivalents 5% Certificates of Deposit
Balanced Growth & Income	Moderate	59% Equities 37% Fixed Income 4% Cash & Equivalents
Long-Term Growth	Moderately-Aggressive	75% Equities 21% Fixed Income 4% Cash & Equivalents
Maximum Growth	Aggressive	89% Equities 7% Fixed Income 4% Cash & Equivalents

WFWM uses a three-tiered approach to implementing the seven portfolio models, which begins at the asset class level, followed by the sector level, and finally the individual investment level. Portfolio models are customized for each client using discretionary and non-discretionary investment choices with strategic buy/sell locations based on the client's account types (e.g., taxable or non-taxable) and available cash.



For discretionary accounts, WFWM selects from a mutual fund universe of over 15,000 choices and over 1,000 exchange-traded funds (ETFs). WFWM also selects from individual bonds, unit investment trusts (UITs), certificates of deposit (CDs), and U.S. treasuries when appropriate. Our investment screening process begins with cost sensitivity. To that end, WFWM only selects from no-load and load-waived mutual funds, saving clients costly sales commissions. Furthermore, TD Ameritrade member FINRA/SIPC Institutional currently offers over 10,000 non-transaction fee mutual funds (if held longer than 90 days) and commission- free ETFs.

Clients may own individual stocks that WFWM's advisors evaluate and determine to hold or sell. Clients may also own illiquid investments such as real estate investment trusts (REITs) and master limited partnerships (MLPs), which WFWM will factor into allocations on a customized basis.

For non-discretionary accounts, WFWM selects from the investment choices available within the employer-sponsored retirement plan or other account. Typically, there are 10-20 investment choices available within an employer-sponsored retirement plan. WFWM develops a sector allocation model for non-discretionary accounts due to the limited individual investment choices. Then, WFWM delivers individualized letters for each non-discretionary account with specific recommendations using the asset allocation targets, sector models and available investment choices. WFWM maintains an internal database of non-discretionary account investment choices which is updated periodically.

WFWM does not participate in or sponsor wrap fee programs.

### **Financial Planning Services**

Financial planning is a process through which we assess the client's current condition and provide recommendations to help accomplish financial goals. The financial planning process consists of the following six steps:

1. Establish and define the client-planner relationship, including the scope of services, fees, length of the relationship and responsibilities.
2. Gather client data, including personal financial data, goals, and questions.
3. Analyze and evaluate the current financial condition.
4. Develop and present recommendations to improve upon the current condition and help achieve goals.
5. Implement the recommendations.
6. Monitor the recommendations and progress toward achieving financial goals.

WFWM's financial plans range from "simple" to the most complex situations, including executive compensation, deferred compensation, stock options, pensions, annuities, rentals and business ownership. Comprehensive financial plans typically include net worth projections, cash flow analysis, income tax analysis, investment planning, retirement planning, insurance needs analysis for life, disability and long-term care, and education planning. WFWM also offers standalone estate planning to follow the adoption of a proposed comprehensive financial plan.

WFWM approaches each financial plan as a unique, customized engagement. Financial plans span over many years, often decades, which means the compounding effects of inflation and investment return assumptions are magnified greatly. We attempt to use conservative long-term average rates of return and have the ability to "ratchet down" investment returns in the later years of a plan when investors tend to take less risk. We also factor in a life expectancy based on the client's unique family health history and prefer to use longer than average life expectancies than standard mortality tables so the client will not outlive his or her assets.

A financial plan with conservative underpinnings promotes confidence, understanding, professional guidance, and monitoring.

### **Risk Management Services**

WFWM offers a broad selection of insurance-related services, including risk management reviews and needs analysis for life, health, disability, business and long-term care insurance. We also advise on homeowners, umbrella liability, and automobile insurance coverage.

Commission-based and fee-offset insurance brokerage services are available through WFWM's licensed professionals, providing direct access to a variety of insurance companies and products including:

- Group and individual term life insurance, universal life, and whole life policies
- Health insurance, including individual and group HMO and PPO programs
- Disability insurance for individuals and business owners
- Long-term care insurance for individuals and groups
- Fixed annuities, including immediate payment and deferred annuities
- Business insurance, such as split-dollar, key-employee and buy-sell programs

### **Item 5 – Fees and Compensation**

WFWM charges fair and competitive investment advisory fees and discloses fees fully and accurately to clients and prospective clients in investment advisory agreements. Clients pay WFWM a management fee for periodic and ongoing investment management services.

#### **“Platinum Plus Managed Assets Services” Program Fees**

The fee for active and ongoing investment advisory services is calculated by applying a percentage to the total market value of managed assets on the last trading day of each calendar quarter. For the initial calendar quarter, the fee is pro-rated based on the number of days from the date the client's agreement is signed to the end of the initial calendar quarter. All fees for investment advisory services are payable quarterly in arrears. If WFWM has discretionary authority over accounts, investment management fees will be directly debited on a quarterly basis. However, clients may choose to be billed and pay by check to WFWM quarterly.

The following is a schedule of fees charged for continuous supervision of portfolio accounts under WFWM's "Platinum Plus Managed Assets Services" Program. Fees for this program are negotiable both as to the rate of compensation, the number of client accounts that are managed, the number of brokerage custodians that are managed at the portfolio level, as well as the specific types of assets that are included in the fee computation. Following are typical investment management fees charged under this Program:



<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$500,000	1.4%
Next \$500,000	1.0%
Next \$4.0 million	0.8%
Over \$5.0 million	Negotiable

These fees are cumulative. For example, the annual management fee for \$2,000,000 in assets managed under Platinum Plus Managed Assets Services would be calculated in the following manner:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
1.4% of the first \$500,000	\$7,000
1.0% of the next \$500,000	5,000
0.8% of the next \$1 million	8,000
Total Annual Management Fee	<u>\$20,000</u>

As of January 1, 2015, the minimum investment required to obtain the services of WFWM is \$1 million to \$2 million for new clients. The minimum for assets under management does not apply to existing or “grandfathered” clients. Individual advisors may require a higher minimum investment. A minimum annual management fee of \$7,000 per year (\$1,750 payable quarterly) is charged; this may be negotiated. The overriding factor in determining the fees a client will pay are based on both the complexity/difficulty of managing the client’s investments, as well as the dollar amount of assets under management. Therefore, some clients may pay less or more than the example presented. Every client has an Agreement for Investment Management and Advisory Services that clearly lists all managed accounts and describes the fee schedule.

#### **“Platinum Managed Assets Services” Program Fees**

WFWM charges **1.4%** for services performed under WFWM’s “Platinum Managed Assets Services” Program; the minimum quarterly fee is \$175. These fees are determined separately for each brokerage custodian under this program. For example, if the client has one or more separate accounts at Brokerage Custodian “A,” and these accounts have a combined value of \$160,000, and the client also has one or more accounts at Brokerage Custodian “B,” that have a combined value of \$60,000, then the fee for Platinum services would be:

<b><u>Brokerage Custodian</u></b>	<b><u>Annual Fee</u></b>
Brokerage Custodian “A”	
\$160,000 @ 1.4% per annum	\$2,240
Brokerage Custodian “B”	
\$60,000 @ 1.4% per annum	\$840
Total Annual Management Fee	<u>\$3,080</u>

Fees are calculated on the total market value of Platinum managed assets on the last trading day of each calendar quarter. If WFWM has discretionary authority over the accounts, investment management fees will be directly debited on a quarterly basis. However, clients may choose to be billed and pay by check to WFWM quarterly. All investment management fees are charged in arrears.

As of January 1, 2011, WFWM will not accept new clients into the Platinum Managed Assets Services program. The \$50,000 minimum breakpoint for Platinum Managed Assets Services, minimum quarterly fee of \$175, and rate may be negotiated under special circumstances for existing “grandfathered” clients.

### **Children’s/Minor’s “Platinum Managed Assets Services” Program Fees**

WFWM charges **1.0%** for services performed under this program for minor portfolio accounts; the minimum quarterly fee is \$62.50. These fees are determined separately for each brokerage custodian that holds assets under this program for minor children.

UTMA/UGMA and 529 plan accounts with assets less than \$25,000 in value are not eligible for active investment management services under WFWM’s “Platinum Managed Assets Services Program” until the child’s account exceeds \$25,000. However, an exception is made for a minor’s account that is expected to reach a value of \$25,000 or more within six months after the account is opened. Exceptions to account minimum balances may apply for existing “grandfathered” clients.

Fees are calculated on the total market value of children’s/minor’s Platinum managed assets on the last trading day of each calendar quarter. If WFWM has discretionary authority over client accounts, investment management fees will be directly debited on a quarterly basis. However, clients may choose to be billed and pay by check to WFWM quarterly. All investment management fees are charged in arrears.

### **Investment Management Fee Details**

WFWM values assets that are listed on national securities exchanges at the closing price of the last trading day of the quarter. Other securities or investments will be valued in a manner determined in good faith by WFWM to reflect fair market value, as reported by the account custodian.

WFWM’s management fees for portfolio accounts that are designated as discretionary in the client’s agreements are typically debited from the client’s portfolio accounts. WFWM’s management fees for portfolio accounts that are designated as non-discretionary in the client’s agreement are billed directly, or are debited from the client’s other portfolio accounts that are designated as discretionary. Minimum quarterly fees apply to the extent that the total quarterly management fees do not exceed three percent (3%) annually of the aggregate quarter-ending market value of the client’s portfolio accounts.

For discretionary accounts, clients authorize WFWM to debit the management fee from their portfolio accounts each calendar quarter. WFWM simultaneously sends a quarterly statement to clients showing the amount of the management fee due, the aggregate portfolio account values on which the fees are based, and how the fees were calculated. Clients are responsible for verifying fee computations since the brokerage custodians are not typically asked to perform this task. The selected brokerage custodian sends a monthly or quarterly statement to clients showing all amounts paid from the portfolio accounts, including all management fees paid by the brokerage custodian to WFWM.

If there is insufficient cash in the client's portfolio accounts at the time the management fees are to be debited directly from the client's portfolio accounts, WFWM is authorized to sell an amount of securities to generate sufficient cash to pay the fees. This may create a taxable gain or tax loss for clients. If program assets are illiquid, and/or WFWM determines that the sale of program assets to pay the management fee is not feasible or advisable, WFWM sends an invoice for the quarterly fee to the client. Clients are expected to pay these invoices within thirty (30) days of their receipt of the invoice.

If WFWM is unable to complete a scheduled review due to the client's inability to provide requested information, WFWM reserves the right to charge the scheduled fee to the client as described in this Brochure and their agreement. Fees are also payable regardless of whether WFWM recommends or make changes to any of the portfolio accounts.

For Platinum Plus and Platinum managed assets services, if a client's agreement for investment management services is terminated, the client is billed for the pro-rata portion of the fee representing the total market value of program assets under supervisory management after the date that written notice of termination is received by WFWM. The final bill is computed based on the number of days from the start of the quarter up to thirty (30) days after the date that written notice of termination is received by WFWM. Clients may be charged a "liquidation fee" for portfolio accounts that are terminated, and for which the client instructs securities to be liquidated and/or cash to be delivered. The liquidation fee is \$100 per portfolio account that is terminated. Clients are not charged a liquidation fee if all securities in a terminated portfolio account are to be delivered to the successor brokerage custodian in-kind. WFWM bills clients directly if there are insufficient monies in discretionary managed accounts, or WFWM directly deducts the pro-rata fee that has been earned for the portion of the calendar quarter in which the agreement is terminated.

WFWM's investment advisory agreements specify that all investment advisory fees are charged to clients in arrears. Therefore, no fees charged to, and/or paid by, clients are "unearned." Consequently, there are no requirements that WFWM refund any fees upon termination of a contract.

WFWM's investment advisory agreements state that its investment advisory representatives, and control persons or affiliates, disclose if they receive any direct or

indirect compensation from any third party. Direct or indirect compensation includes, but is not limited to, commissions, 12b-1 fees, incentives, gifts or other forms of compensation.

WFWM's investment management fees do not include transaction charges or brokerage commissions imposed on the purchase/sale of investment products by brokerage custodians, mutual funds, or variable annuities. Brokerage custodian fees and commissions vary, depending on the brokerage custodian used, the dollar amount of the client's assets held by the brokerage custodian, and the holding period of an investment.

In addition, mutual funds purchased for client accounts charge an internal management fee and incur expenses that are deducted from the assets of the mutual funds. Clients may elect not to receive the services provided by WFWM and purchase the mutual funds directly without charges. However, internal mutual fund fees and expenses still apply. Full disclosure of the method of compensation, whether it is from client fees only, or from commissions earned from the purchase/sale of securities are made to clients. Investment program assets under management that are invested in shares of mutual funds are included in calculating the value of program assets for purposes of computing WFWM's management fee, and the same assets are also subject to additional fees and expenses, as set forth in the prospectuses of those mutual funds, paid by the funds, but ultimately borne by clients.

Other costs that may be assessed by the selected brokerage custodians, which are not part of WFWM's fees, include fees and/or commissions for security transactions executed by selected brokers, dealers, mutual fund or insurance companies, or other third party brokerage custodians, trading expenses, dealer mark-ups, electronic fund and wire transfers, spreads paid to market makers, short-term redemption fees, margin interest, custodial fees, dividends payable on securities sold short, mortality charges paid to insurance companies, administrative fees, and exchange fees, among others; the payment of these costs are the client's responsibility. Mutual fund companies and brokerage custodians may impose short-term redemption charges when mutual funds are sold before they are held for a specified minimum amount of time ranging from 30 to 365 days from the date the funds are purchased by WFWM in the client's portfolio account. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom WFWM and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade away" fee charged by the custodian).

WFWM is not compensated on the basis of a share of capital gains upon or capital appreciation of program assets or any portion of their funds, except as authorized by regulations issued by the U.S. Securities and Exchange Commission. However, if any performance fees are charged in the future, the requirements of SEC Rule 205-3, including

client eligibility, and/or any state requirements must be met. In addition, WFWM's compensation may not be based on a share of capital gains or capital appreciation of the funds or any portion of the funds of the client, except for performance-based fees permitted under the Investment Adviser's Act.

### **Financial Planning Fees**

The fee for financial planning services is **\$475** per hour. WFWM provides an estimate of the approximate cost range for preparing a financial plan report. WFWM makes every effort to control the time needed to prepare the plan. However, the total cost is an estimate and is not a guarantee of the final cost to the client, which may be greater or less than the estimate based on WFWM's detailed time records of the actual services. If WFWM determines during the preparation of the written financial plan that the total cost is anticipated to exceed the estimate by more than 10% of the maximum estimated cost, WFWM will inform the client in advance, and will obtain the client's approval before proceeding. In some instances WFWM quotes a flat fee for financial planning services, which is also negotiable, and a deposit payment is due when the client agreement is signed.

WFWM's financial planning agreements state that clients are required to make an advance payment of a portion of the agreed upon fees. However, clients are credited and promptly refunded any unearned fees if they terminate the agreement before these services have been completed. Clients may terminate the agreement at any time by written notice, and the only obligation is for the time actually expended by WFWM on the client's behalf as reflected in WFWM's timekeeping records.

After a financial plan report is completed and delivered to the client, the client may or may not choose to implement the plan's recommendations through WFWM. Clients are under no obligation to purchase products, such as insurance, through WFWM. Insurance sales may pose a conflict of interest; WFWM or the firm's licensed advisors earn a commission from third parties for non-security products. However, as fiduciaries, WFWM's advisors are legally required to act in the client's best interest. Furthermore, insurance sales represent a very limited portion of firm revenues (~1%). Upon the client's request, WFWM's licensed advisors research the market and arrange for purchases through one or more insurance companies. Compensation for plan implementation may also be in the form of additional fees based on either a percentage of assets to be bought/sold, or in the form of fees based on the time required to perform services at WFWM's prevailing hourly rate, depending upon which method is most appropriate for each client on a case-by-case basis.

### **Non-Security Product Fees**

For non-security products (e.g., life insurance, long-term care insurance, fixed annuities, etc.) sold by a licensed advisor of WFWM, either the firm and/or the advisor earns a commission from a third party.

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

WFWM 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**

WFWM provides portfolio management services to individuals (trusts, estates, 401(k) plans and IRAs of individuals and their family members), high net worth individuals, pension and profit sharing plans (other than plan participants), and corporations or other business entities.

The minimum investment required to obtain the services of WFWM is \$1 million to \$2 million for new clients as of January 1, 2015. This minimum for assets under management does not apply to existing or “grandfathered” clients. Individual advisor minimums may be higher than the firm-wide minimum.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

WFWM’s Investment Policy & Compliance Committee (IP&CC) meets once a month, and on an ad hoc basis as needed, to review the firm’s market outlook and management strategies. The firm’s advisors are ultimately responsible for making recommendations to clients and ensuring client assets are managed in line with their Investment Policy Statement.

WFWM uses a combination of technical, momentum and fundamental analysis to formulate investment advice and manage assets. WFWM’s technical analysis examines historical data to evaluate current market conditions. Momentum analysis is used to follow existing trends WFWM believes are likely to continue. Fundamental analysis is used to confirm or negate technical indicators as well as to evaluate the soundness of particular investments.

As stated in Item 4, WFWM’s three-tiered approach to investment management begins at the asset class level, followed by the sector level, and finally the individual investment level.

1. **Asset Class Level:** WFWM sets fully-invested asset allocation targets on an annual basis (please refer to Item 4 for specific target details). However, WFWM also implements a tactical “Cash Management Strategy” with the goal of protecting client assets from potential market downturns. Client accounts are typically maintained at fully-invested targets, but the IP&CC may decide to “step-out” of equities temporarily. A step-out is typically implemented by shifting out of equities in 10% increments. WFWM relies on technical and fundamental indicators to determine step-outs. While the strategy is designed to reduce risk, portfolios may be stepped-out during a rising market, resulting in potentially lower returns. Portfolio returns of a tactical strategy may vary to a material degree versus a passive strategy.

2. **Sector Class Level:** After determining asset allocation targets for the seven portfolio models, WFWM develops sector allocation targets. WFWM defines sectors using Morningstar fund categories. For equities, there are approximately nine domestic, 15 specialty, 16 international, and 33 balanced and alternative categories. For fixed income, there are approximately 32 taxable and municipal fund categories. WFWM relies on momentum and fundamental analysis to determine sector allocation targets. Momentum analysis points WFWM in the direction of the most recent top performing sectors. Fundamental analysis of market, business, and fixed income cycles is used to confirm momentum trends and identify potential future opportunities.
3. **Individual Investment Level:** As discussed in Item 4, WFWM selects individual investments for discretionary accounts out of a wide universe of mutual funds, exchange-traded funds, bonds, unit investment trusts, certificates of deposit, and U.S. treasuries. For non-discretionary accounts, WFWM's investment choices may be limited to those offered within the account.

WFWM selects individual investments using momentum and fundamental analysis. Momentum analysis is used to identify top performing investments and eliminate those that have lagged their peers. Fundamental analysis takes into account more than performance; WFWM examines important criteria such as manager tenure, MPT statistics, underlying holdings, and style drift, among others. WFWM also takes current interest rates, the shape of the yield curve, and anticipated interest rate changes into consideration.

WFWM identifies and evaluates the risk of individual investments using standard deviation and WFWM Risk Levels. WFWM Risk Levels score individual investments on a scale from 1 to 10 and are used to help clients interpret the risk of their investments. WFWM also calculates the weighted-average risk of client portfolios and sets a weighted-average risk target for each portfolio model.

Investing in securities involves risk of loss that clients should be prepared to bear. There are many types of risks associated investing including the following:

- **Systematic Risk** is the risk a client takes in their portfolio inherent to the entire market or market segment. This type of risk is also known as "un-diversifiable risk" or "market risk" and cannot be diversified away.
- **Unsystematic Risk** is risk specific to a company or industry that is inherent to an individual investment. The amount of unsystematic risk taken by a client can be reduced through appropriate diversification. Unsystematic risk is also known as "specific risk," "diversifiable risk" or "residual risk."

- **Credit Risk** is the risk of a client losing principal or financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit risk is closely tied to the potential return of an investment, the most notable being that the yields on bonds correlate strongly with their perceived credit risk.
- **Default Risk** is the risk in a client's portfolio that companies or individuals will be unable to make required payments on their debt obligations. The higher the risk, the higher the required return and Executive Vice versa.
- **Interest Rate Risk** is the risk that a client's investment value will change due to a change in interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying or hedging the position in a client's portfolio.
- **Reinvestment Risk** is the risk that bondholders may not be able to reinvest capital at equal or higher interest rates when holdings mature or are called by the issuer.
- **Inflationary Risk** is risk that the purchasing power of an asset will decrease over time due to inflation.
- **Country Risk** is made up of a collection of risks related to investing in a foreign country. These risks include political risk, exchange rate risk, economic risk, sovereign risk and transfer risk, which is the risk of capital being locked up or frozen by government action. Country risk varies from one country to the next and some countries have high enough risk to discourage a client's foreign investment.
- **Political Risk** is the risk that a client's investment returns could suffer as a result of political changes or instability in a country. Instability created by a change in government, legislative bodies, other foreign policy makers, or military control could affect an investment's returns. Political risk becomes more of a factor as a client's time horizon for an investment gets longer.
- **Exchange Rate Risk** is the exposure of foreign investments to fluctuations in exchange rates.
- **Liquidity Risk** is when a client owns an investment that has a lack of marketability and cannot be bought or sold quickly enough to prevent or minimize a loss.
- **Unlimited Risk** is the risk a client takes that an investment has unlimited downside potential and the client has the potential to lose the entire investment.
- **Timing Risk** is the risk that a client takes when buying or selling a stock or mutual fund based on future price predictions. Timing risk explains the potential for a client's portfolio missing out on beneficial movements in price due to an error in timing. This could cause harm to the value of a client's portfolio because of purchasing too high or selling too low.



Clients may also be subject to the negative effects of frequent trading due to WFWM's active investment management strategy. High turnover can result in additional brokerage and transaction costs, and clients may incur short-term capital gains taxed at ordinary income tax rates.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of WFWM or the integrity of WFWM's management. WFWM has no information applicable to this Item and has not been subject to any disciplinary actions.

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

WFWM provides retirement planning, estate planning, and insurance needs planning, and sells life, health, disability insurance, and fixed annuity products. WFWM is licensed in the states of New Jersey and New York to sell life, health, disability, long-term care insurance, and fixed annuities.

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

WFWM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WFWM must acknowledge the terms of the Code of Ethics annually and as amended.

WFWM's employees and persons associated with WFWM are required to follow WFWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WFWM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for WFWM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WFWM 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, based upon a determination that these would materially not interfere with the best interest of WFWM's clients. The Code requires pre-clearance of many transactions and may restrict 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, there is a possibility that employees might benefit

from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between WFWM and its clients.

WFWM employees or related persons may also be managed clients of the firm. Therefore, certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WFWM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WFWM 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.

WFWM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting (973) 605-1448.

It is WFWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. WFWM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### **Item 12 – Brokerage Practices**

WFWM does not currently utilize research or other products or services, other than execution, from any broker-dealer or third party in connection with client securities transactions ("soft dollar benefits"). Research that is made available by broker-dealers or other third parties is provided free of cost based on WFWM's relationship with the third party (i.e., without regard to the volume and/or frequency of transactions).

WFWM does not currently receive client referrals from any broker-dealer. Therefore, WFWM does not have an incentive to select or recommend a broker-dealer based on the interest of receiving client referrals.

At this time, WFWM does not require that clients direct execution of transactions through a specified broker-dealer. WFWM's policy and practice is to specify our choice of a broker-dealer to clients. However, WFWM may accept client-directed brokerage in those instances when a client has, for example, a pre-existing relationship with a broker-dealer, and would like to continue that relationship. Client-directed brokerage may result in less favorable execution of client transactions, and this practice may cost clients more money. In a directed brokerage account, the client may pay higher brokerage commissions because WFWM may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. WFWM aggregates the purchase and sale of equity securities for all client accounts whenever possible.

WFWM participates in the institutional advisor program (the "Program") offered by TD Ameritrade member FINRA/SIPC. TD Ameritrade member FINRA/SIPC offers independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions.

WFWM may recommend that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although WFWM may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. WFWM is independently owned and operated and not affiliated with Schwab.

Schwab provides WFWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon WFWM committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For WFWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to WFWM other products and services that benefit WFWM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of WFWM accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist WFWM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of [Advisor Firm's] fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help WFWM manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange or pay third-party vendors for the types of services rendered to WFWM. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to WFWM. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of WFWM personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, WFWM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest

### **Item 13 – Review of Accounts**

Reviews are performed monthly, quarterly, thrice-annually, semi-annually or annually, depending on the needs of the client, as agreed to by the client and adviser, as well as the type of account and market conditions. Reviews include updating the values of the investments comprising client portfolio accounts; monitoring investments held, and making current and historical performance comparisons to determine if specific investment products should be retained, bought or sold; performing asset allocation analyses to determine if general classes of assets and/or specific investments should be reallocated based on the client's needs, or to optimize the portfolio's potential returns and risks; and, rebalancing the portfolio to bring the asset mix in line with the client's risk-based allocation. Triggering factors for ad hoc reviews include significant changes in economic conditions and/or market indices, changes of the underlying fundamentals of specific investment products, changes of mutual fund managers, and changes of the client's investor profile including financial needs, risk tolerance, and objectives. Reviews are conducted by David M. Feldman, CFP®, CSA (President & Senior Wealth Manager) and Michael L. Green, CFP®, AWMA® (Executive Vice President & Senior Wealth Manager), with the assistance of the professional investment advisory staff of WFWM.

Clients are provided with written reports on a quarterly basis. These reports show: the portfolio's total performance for the time period; the portfolio's asset and sector

allocations; the number of units owned of each investment holding in the portfolio; the total values of the portfolio at the beginning and at the end of the period; current values of individual investments held in the portfolio at the end of the period; the original dollar amounts invested in individual investments in the portfolio; the client's withdrawals and additions from/to the portfolio during the period; the time period covered by the report/statement; and, a statement of WFWM's fees debited for investment advisory services, if any, with respect to the portfolio during the time period. Clients are encouraged to compare account statements received from WFWM with those received from qualified third-party custodians (e.g., TD Ameritrade member FINRA/SIPC, Schwab Institutional® a FINRA-registered broker-dealer, member SIPC).

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

As of January 31, 2014, David M. Feldman, CFP®, CSA no longer represents WFWM on the TD Ameritrade member FINRA/SIPC Institutional Advisor Panel (“Panel”). David now represents WFWM on the TD Ameritrade member FINRA/SIPC Institutional President’s Council (“Council”). The Council consists of independent investment advisors that advise TD Ameritrade member FINRA/SIPC Institutional (“TDA Institutional”) on issues relevant to the independent advisor community. The Council meets in person on average 1-2 times per year and conducts periodic conference calls on an as needed basis. At times, Council members are provided confidential information about TDA Institutional initiatives. Council members are required to sign confidentiality agreements. TD Ameritrade member FINRA/SIPC, Inc. (“TD Ameritrade member FINRA/SIPC”) does not compensate Council members. However, TD Ameritrade member FINRA/SIPC pays or reimburses WFWM for the travel, lodging and meal expenses incurred in attending Council meetings. The benefits received by WFWM or its personnel by serving on the Council do not depend on the amount of brokerage transactions directed to TD Ameritrade member FINRA/SIPC. Clients should be aware, however, that the receipt of economic benefits by WFWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence WFWM’s recommendation of TD Ameritrade member FINRA/SIPC for custody and brokerage services.

As of July, 2012, David M. Feldman, CFP®, CSA is quoted on TD Ameritrade member FINRA/SIPC Institutional’s website, [www.tdainstitutional.com](http://www.tdainstitutional.com). David M. Feldman was not compensated for his participation as a quoted advisor on the website.

#### **Client Referrals**

WFWM previously received client referrals from TD Ameritrade member FINRA/SIPC through past participation in the TD Ameritrade member FINRA/SIPC AdvisorDirect referral program. TD Ameritrade member FINRA/SIPC is a discount broker-dealer independent of, and unaffiliated with WFWM, and there is no employee or agency relationship between them. TD Ameritrade member FINRA/SIPC established the referral program as a means of referring retail brokerage customers and other investors seeking

fee-based personal investment management services or financial planning services from independent investment advisors. TD Ameritrade member FINRA/SIPC does not supervise WFWM and has no responsibility for WFWM's management of client portfolios or WFWM's other advice or services. WFWM pays TD Ameritrade member FINRA/SIPC an ongoing fee for each previously successful client referral. This fee is a percentage (not to exceed 15%) of the advisor fee that the client pays to WFWM ("Solicitation Fees"). WFWM does not charge clients previously referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to clients or otherwise pass Solicitation Fees paid to TD Ameritrade member FINRA/SIPC to clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade member FINRA/SIPC, please refer to the TD Ameritrade member FINRA/SIPC AdvisorDirect Disclosure and Acknowledgement Form. WFWM no longer participates in the TD Ameritrade member FINRA/SIPC AdvisorDirect program.

### **Item 15 – Custody**

Clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains managed investment assets. WFWM urges clients to carefully review such statements and compare official custodial records to the account statements WFWM provides. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

When it deducts fees directly from client accounts at a selected custodian, WFWM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements from the custodian and should carefully review those statements for accuracy.

Custody is also disclosed in Form ADV because WFWM has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, WFWM will follow the applicable safeguards and will be subject to an annual surprise audit.

### **Item 16 – Investment Discretion**

WFWM typically receives discretionary authority from the client at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts to buy and sell, WFWM observes the investment policies, limitations and restrictions of the clients for which it advises. WFWM's authority to trade securities may also be limited by holding periods to avoid short-term and excessive trading penalties, availability of investment choices at the custodian or

within the investment vehicle or plan (e.g., variable annuity sub-accounts, employer-sponsored retirement plans, and Section 529 Plans).

WFWM accepts discretionary authority through a Limited Power of Attorney (LPOA) authorization from clients for each managed account. WFWM uses the LPOA provided by approved custodians when available. In the event that an LPOA is not available for a particular account or plan, such as an employer-sponsored retirement plan, WFWM provides non-discretionary investment advisory services.

Clients may impose investment restrictions as part of their management agreement and Investment Policy Statement at the onset of the advisory relationship and on an ongoing basis. Investment restrictions include consulting the client and obtaining approval before making any transactions for a particular security, avoiding the inclusion of a particular security, and limiting quantities of a particular security. However, by requiring WFWM to hold or avoid specific investments or investment types within the portfolio, the client may limit our ability to fully implement and manage the portfolio's allocation, and these imposed limitations may have a material effect upon the portfolio's overall performance.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, WFWM does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WFWM may provide advice to clients regarding the voting of proxies. In addition, if a portfolio account is for a pension or other employee benefit plan governed by ERISA, WFWM is required not to vote proxies for securities held in the portfolio accounts because the right to vote proxies has been expressly reserved to the plan's trustees or the plan's administrator/fiduciary.

#### **Item 18 – Financial Information**

WFWM does not require or solicit prepayment of fees; all investment management fees are billed in arrears. In light of the COVID-19 coronavirus and the resulting historic market volatility, WFWM has elected to participate in the CARES Act's Paycheck Protection Program ("PPP"). WFWM intends to use this loan for applicable firm expenses and may ultimately seek loan forgiveness per the terms of the PPP. WFWM continues to operate at full staffing levels and serve its clients without an interruption of service.