

## Item 1: Cover Page

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### Form ADV Part 2A Investment Adviser Brochure

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March 2021

This Brochure provides information about the qualifications and business practices of Wealthstream Advisors, Inc. ("we", "us", "our"). If you have any questions about the contents of this Brochure, please contact Aaron M. Tawil, Chief Operating Officer and Chief Compliance Officer at (212) 971-9241 or [atawil@wealthstreamadvisors.com](mailto:atawil@wealthstreamadvisors.com).

Additional information about our Firm is also available on the SEC's website at <http://adviserinfo.sec.gov/Firm/129428>. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a registered investment adviser. Please note that use of the term "registered investment advisor" and a description of the Firm and/or our employees as "registered" does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Material Changes

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In this Item of Wealthstream Advisors Inc.'s (Wealthstream or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 28, 2020.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing, the Firm has the following material change to report:

- The Firm now offers services through the "Wealthstream Foundations Program." You may find more information in Item 5: Fees and Compensation.

### **Full Brochure Available**

Wealthstream's Form ADV may be requested at any time, without charge by contacting Aaron M. Tawil at (212) 971-9241 or [atawil@wealthstreamadvisors.com](mailto:atawil@wealthstreamadvisors.com).

## Item 3: Table of Contents

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Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	8
Item 6: Performance-Based Fees and Side-by-Side Management .....	12
Item 7: Types of Clients.....	13
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 9: Disciplinary Information .....	16
Item 10: Other Financial Industry Activities and Affiliations .....	17
Item 11: Code of Ethics .....	18
Item 12: Brokerage Practices .....	20
Item 13: Review of Accounts .....	23
Item 14: Client Referrals and Other Compensation .....	24
Item 15: Custody .....	25
Item 16: Investment Discretion .....	26
Item 17: Voting Client Securities .....	27
Item 18: Financial Information .....	28

## Item 4: Advisory Business

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Since 2004, Wealthstream has been in business as a registered investment adviser, which specializes in providing financial planning and investment management services to individuals and high net worth clients. Wealthstream is driven by its mission to meet the high standard of quality and service that its clients deserve and expect.

Prior to engaging the firm to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Wealthstream setting forth the terms and conditions under which Wealthstream renders its services (collectively the “Agreement”).

This disclosure brochure describes the business of Wealthstream. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Wealthstream’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Wealthstream’s behalf and is subject to Wealthstream’s supervision or control.

### **Financial Planning Services**

Wealthstream may provide its clients with a broad range of financial planning services, which may include advice on non-investment related matters. Wealthstream generally crafts a personal financial profile for its clients, illustrating their financial goals and assets. Generally, these financial plans address a broad range of personal matters, including cash flow needs, investment growth, savings strategies, personal investment preferences, individual risk tolerance, as well as retirement, estate, tax, debt, educational and insurance planning.

While certain of Wealthstream’s financial planning services may be rendered as part of a wealth management arrangement (in conjunction with portfolio management, as explained below), Wealthstream may also provide financial plans as a standalone service offering.

In performing its services, Wealthstream is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Wealthstream may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Wealthstream recommends its own services. The client is under no obligation to act upon any of the recommendations made by Wealthstream under a financial planning engagement or to engage the services of any such recommended professional, including Wealthstream itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Wealthstream’s recommendations. Clients are advised that it remains their responsibility to promptly notify Wealthstream if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the firm’s previous recommendations and/or services.

### **Investment Management and Wealth Management Services**

Clients can engage Wealthstream to manage all or a portion of their assets on a discretionary or nondiscretionary basis, which may include a broad range of financial planning services.

Wealthstream primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds, exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), individual debt and equity securities and/or options, as well as the securities components of variable annuities in accordance with the investment objectives of the client.

In addition, Wealthstream may render investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Wealthstream either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Wealthstream tailors its advisory services to the individual needs of clients. Wealthstream consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Wealthstream ensures that clients' investments are suitable for their investment needs, goals, objectives, and risk tolerance.

Clients are advised to promptly notify Wealthstream if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Wealthstream's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets are invested in sustainable funds) if, in Wealthstream's sole discretion, such conditions would not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Retirement Rollovers-Potential for Conflict of Interest**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Wealthstream recommends that a client roll over their retirement plan assets into an account to be managed by Wealthstream, such a recommendation creates a conflict of interest if Wealthstream will earn an advisory fee on the rolled over assets. No client is under any obligation to rollover retirement plan assets to an account managed by Wealthstream. Wealthstream's President, Michael Goodman, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

### **Retirement Plans**

Wealthstream will provide consulting services to qualified retirement plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, assistance in the development of a retirement plan, evaluation of retirement plan vendors, asset allocation advice, communication, and education services to plan participants, investment performance monitoring, and/or ongoing consulting.

All client accounts that are regulated under the Employee Retirement Income Securities Act (ERISA). Wealthstream will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as Wealthstream recommends. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

### **Use of Independent Managers**

As mentioned above, Wealthstream recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms, compensation, and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between the client and the designated Independent Managers.

Wealthstream renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers. Wealthstream also monitors and reviews the account performance and the client's investment objectives.

When recommending or selecting an Independent Manager for a client, Wealthstream reviews information about the Independent Manager such as its disclosure statement and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Wealthstream considers in selecting or recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Wealthstream's investment advisory fee.

In addition to Wealthstream's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Wealthstream. In such instances, Wealthstream may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

### **Fiduciary Statement**

Wealthstream and its employees are fiduciaries who must take into consideration the best interests of our clients. The Firm will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. Wealthstream will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, Wealthstream has the obligation to deal fairly with our clients. Wealthstream has the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

#### **Wrap Fee Programs**

Wealthstream does not participate in a Wrap Fee Program.

#### **Client Assets**

As of December 31, 2020, Wealthstream had \$968,790,124 in assets under management, all of which are managed on a discretionary basis.

## Item 5: Fees and Compensation

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Wealthstream offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Wealthstream's Supervised Persons may offer insurance products under a commission arrangement.

### **Financial Planning Fees**

Wealthstream charges a fixed fee and/or hourly fee for standalone financial planning services. These fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis and/or from \$100 to \$495 on an hourly rate basis, depending upon the level and scope of the services and the professional engaged to render the services. If the client engages Wealthstream for additional investment advisory services, Wealthstream may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Prior to engaging Wealthstream to provide financial planning services, the client is required to enter into a written agreement with Wealthstream setting forth the terms and conditions of the engagement. Generally, Wealthstream requires half of the payment of the estimated hourly or fixed fee upon execution of the written agreement.

### **Investment Management and Wealth Management Fee**

Wealthstream provides investment and wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by Wealthstream. Wealthstream's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Wealthstream does not, however, receive any portion of these commissions, fees, and costs. Wealthstream's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Wealthstream on the last day of the previous quarter using the most current information available from either the account custodian or a third-party portfolio accounting system we utilize. The annual fee varies (between 0.20% and 1.25%) depending upon the market value of the assets under management and the type of investment or wealth management services to be rendered. Our standard tiered fee schedule is as follows:

From	To	Annual Fee
\$0	\$2,000,000	1.00%
\$2,000,001	\$5,000,000	0.75%
\$5,000,001	\$10,000,000	0.50%
Above \$10,000,000	---	0.35%

For example, if a client has \$3,000,000 in assets under management, they will pay 1.00% on the first \$2,000,000 and 0.75% on the next million in assets under management resulting in a blended fee of 0.916% on the total assets under management.



**Wealthstream Foundations Program**

Wealthstream provides the Investment Management and Wealth Management services described above to qualified individuals. These services will be limited to the agreed upon services outlined in the investment management and financial planning agreement between Wealthstream and the Client. The tiered fee schedule for these services will be as follows:

From	To	Quarterly Fee
\$0	\$400,000	\$1,000
\$400,001	\$2,000,000	0.2500%
\$2,000,001	\$5,000,000	0.1875%
\$5,000,001	\$10,000,000	0.1250%
Above \$10,000,000	---	0.0875%

For example, if a client has \$3,000,000 in assets under management, they will pay a quarterly fee of 0.25% on the first \$2,000,000 and 0.1875% on the next million in assets under management resulting in a blended fee of 0.229% per quarter on the total assets under management.

The Advisory Fee shall be paid quarterly in arrears, based upon the average daily balance of the Assets of an account using the most current information available from either the Account Custodian or a third-party portfolio accounting system we utilize.

For fees charged on assets less than \$400,000 the fee will be split into two parts. The first part is an asset-based charge of 0.25% per quarter and a subscription charge. The total of the two charges will add up to the \$1,000 quarterly fee.

**Retirement Plan Fees**

Wealthstream provides services to qualified retirement plans and their fiduciaries for an annual fee based upon either a percentage of the investable assets in the plan or a fixed fee.

Wealthstream's annual fee based on a percentage of investible assets is prorated and collected from plan participant accounts, charged quarterly, in advance, based upon the average daily balance of investable assets in the plan participant's account. The annual fee varies depending upon the market value of the investible assets in the plan and the nature of the services provided to the plan and/or its fiduciaries.

**Fee Discretion**

Wealthstream, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.)

**Fees Charged by Financial Institutions**

As further discussed in response to Item 12 (below), Wealthstream generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services

("Fidelity"), TD Ameritrade Institutional ("TD") or Charles Schwab & Co., Inc. ("Schwab") for investment management accounts.

Wealthstream may only implement its investment management recommendations after the client has arranged for and furnished Wealthstream with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, TD, Schwab, any other broker-dealer recommended by Wealthstream, broker-dealer directed by the client, trust companies, banks, etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund, ETF, or ETN in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, short-term trading fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Wealthstream's fee.

#### **Fee Debit**

Wealthstream's Agreement and the separate agreement with any Financial Institutions may authorize Wealthstream or Independent Managers to debit the client's account for the amount of Wealthstream's fee and to directly remit that management fee to Wealthstream or the Independent Managers. Any Financial Institutions recommended by Wealthstream have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Wealthstream.

#### **Fees for Management During Partial Quarters of Service**

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between Wealthstream and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Wealthstream's fees are prorated through the date of termination and any remaining balance is refunded to the client.

Additions may be in cash or securities provided that Wealthstream reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Wealthstream may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$25,000 in the aggregate during a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

### **Mutual Fund Share Class Selection Process**

Some client accounts may hold shares of investment companies, including money market funds, closed-end funds, and/or exchange-traded funds (Funds). Those funds have their own expenses, including certain advisory, distribution or other fees, and a client account invested in those funds will indirectly bear a portion of those expenses. Each of the fees discussed above is in addition to Wealthstream's management fee.

Wealthstream uses its best efforts to purchase the lowest available fund shares but in certain instances cannot because a lower share class may not be available from the fund company. Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

The Firm has taken steps to minimize this conflict of interest, including by providing its IARs with guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to mutual fund share class selection.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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Wealthstream does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

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Wealthstream generally provides its services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and business entities.

### **Minimum Annual Fee**

As a condition for starting and maintaining a relationship, Wealthstream generally imposes a minimum annual fee of \$4,000 to \$20,000, depending on the services provided. Wealthstream, in its sole discretion, may waive or reduce its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Wealthstream. In such instances, Wealthstream may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

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### **Method of Analysis**

Wealthstream applies a largely academic approach to portfolio management, meaning that its investment principles are founded in academic, fundamental based research rather than short term trends and market related hype.

Studying the returns, volatility and correlations of asset classes is one-way Wealthstream's portfolios are comprised. Reviewing the composition, tax effects, costs and operations of the potential investment vehicles is also part of this process. This is done using professional and public databases, attending industry conferences, reading journals, and interacting with other investment professionals.

### **Investment Strategy**

Wealthstream's investment strategy is premised around the development of a portfolio that is designed to achieve a client's desired rate of return, sensitive to a client's individual risk tolerance, and in line with the expected time horizon of the invested funds.

It is Wealthstream's view that the overwhelming determinant of success of an investment strategy tends to be less related to the securities that are bought and sold, and more akin to how capital is allocated among various asset classes. Wealthstream does not advocate market timing or tactical asset allocation and attempts to avoid investment decisions based on short-term market changes.

As such, the firm employs a range of model portfolio composites containing a mix of asset classes. In certain cases, Wealthstream may employ the services of an Independent Manager to manage a portion of a client's portfolio. Factors determining the use of an Independent Manager include the amount of assets invested in a fixed income allocation, a client's investment goals or tax planning strategies. For equity allocations, the firm primarily invests in vehicles that employ broad based portfolio management strategies, while fixed income allocations are generally specific to a narrow range of maturity rates and credit quality.

Wealthstream also strives to account for its clients' individual tax implications, endeavoring to rebalance portfolios at least annually and harvest tax losses, or otherwise as it sees fit.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risks of loss:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties (i.e. Non-traded REITs and other alternative investments) are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

## **Item 9: Disciplinary Information**

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Wealthstream is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Wealthstream does not have any required disclosures to this Item.



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

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Wealthstream is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Accountant**

Michael E. Goodman, Tracy Shar, William Schirmacher and Diana Batchelor are Certified Public Accountants (CPAs). They do not practice traditional accounting outside of their role at the Firm.

### **Accounting Firm**

We provide Tax Preparation and Non-Attest Accounting Services under the name WSA Tax and Books, LLC.

### **Receipt of Insurance Commissions**

Mark Kazmac, Senior Advisor, is a licensed insurance agent and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance products. Wealthstream does not share in commissions or compensation from the sale of insurance products.

### **Other Investment Advisor**

Diana Batchelor and Carolyn Walder, Investment Advisor Representatives are owners of Lifetime Wealth Planning and Management a state registered investment advisor, not affiliated with Wealthstream.

### **Use of Independent Managers**

Wealthstream may recommend the use of Independent Managers for certain clients. Wealthstream will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, Wealthstream does not have the ability to supervise the Independent Managers on a day-to-day basis, if at all.

## Item 11: Code of Ethics

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### **Code of Ethics**

Wealthstream has a duty to exercise our authority and responsibility for the benefit of our clients, to place the interests of our clients first, and to refrain from having outside interests that conflict with the interests of our clients. We and our employees avoid any circumstances that might adversely affect, or appear to affect, our duty of loyalty. We have adopted a Code of Ethics (the Code); the Code's key provisions include:

- Statement of general principles;
- Policy on and reporting of personal securities transactions;
- A prohibition on insider trading;
- Restrictions on the acceptance of significant gifts;
- Procedures to detect and deter misconduct and violations; and
- Requirement to maintain confidentiality of client information.

Our employees must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination. We will provide a copy of our Code upon request. Clients and prospective clients can obtain a copy of our Code of Ethics by contacting Aaron M. Tawil, Chief Operating Officer and Chief Compliance Officer at (212) 971-9241.

Aaron M. Tawil, Chief Operating Officer and Chief Compliance Officer reviews all employee trades each quarter. His trades are reviewed by Michael E. Goodman, President. These reviews ensure that personal trading does not affect the markets, and that clients of the Firm receive preferential treatment.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

The Firm and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. If these trades occur ahead of clients, they must execute at a less advantageous price than the client's price.

The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of 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 our clients. In addition, the Code requires pre-clearance of many transactions.

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, and to reasonably prevent conflicts of interest between the Firm and its clients.

**Participation or Interest in Client Transactions**

Neither we nor our employees recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest.

**Participation or Interest in Client Transactions – Aggregation**

Our employees may trade in the same securities with client accounts on an aggregated basis when consistent with our 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. We will retain records of the trade order (and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

Wealthstream does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions.

### **Brokerage for Client Referrals**

It is common for third parties to refer clients to Wealthstream. This has no impact on how we execute transactions, as we are required to trade through these entities for some transactions. Wealthstream will not make commitments to any third party to compensate that third party through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution.

### **Directed Brokerage**

As discussed above, in Item 5, Wealthstream generally recommends that clients utilize the brokerage and clearing services of Fidelity, TD or Schwab.

Factors which Wealthstream considers in recommending Fidelity, TD or Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. Fidelity, TD or Schwab enable Wealthstream to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity, TD or Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Wealthstream's clients comply with Wealthstream's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where Wealthstream determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Wealthstream seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Wealthstream periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Wealthstream in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Wealthstream will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts

managed by Wealthstream (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Wealthstream may decline a client's request to direct brokerage if, in Wealthstream's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be affected independently, unless Wealthstream decides to purchase or sell the same securities for several clients at approximately the same time. Wealthstream may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Wealthstream's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Wealthstream's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Wealthstream determines to aggregate client orders for the purchase or sale of securities, including securities in which Wealthstream's Supervised Persons may invest, Wealthstream shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Wealthstream shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Wealthstream determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Wealthstream may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Wealthstream in its investment decision-making process. Such research generally will be used to service all of Wealthstream's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such

investment research products and/or services poses a conflict of interest because Wealthstream does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

Wealthstream may receive from Fidelity, TD or Schwab, without cost to Wealthstream, computer software and related systems support, which allow Wealthstream to better monitor client accounts maintained at each Financial Institution. Wealthstream may receive the software and related support without cost because Wealthstream renders investment management services to clients that maintain assets at Fidelity, TD or Schwab. The software and related systems support may benefit Wealthstream, but not its clients directly. In fulfilling its duties to its clients, Wealthstream endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Wealthstream's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Wealthstream's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

#### **Trade Aggregation**

Wealthstream may aggregate trades for multiple accounts. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched).

Wealthstream's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for Wealthstream or its employees may be included in a block trade with client accounts.

## Item 13: Review of Accounts

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For those clients to whom Wealthstream provides investment management services, Wealthstream monitors those portfolios as part of an ongoing process while regular account reviews are conducted periodically. For those clients to whom Wealthstream provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by the Firm’s President and Client Advisors. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Wealthstream and to keep Wealthstream informed of any changes thereto.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Wealthstream provides investment advisory services will also receive a report from Wealthstream that may include such relevant account and/or market-related information such as account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Wealthstream.

Those clients to whom Wealthstream provides financial planning services will receive reports from Wealthstream summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Wealthstream.

## Item 14: Client Referrals and Other Compensation

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### **Compensation – Client Referrals – Solicitation Arrangement**

Wealthstream may pay referral fees to independent solicitors for the referral of clients to our Firm. The referral fees represent a share of the investment advisory fee that Wealthstream charges to clients, but do not result in higher wealth management fee to clients. Any client who is referred to Wealthstream by a solicitor will be given a full written disclosure describing the terms and fee arrangements between Wealthstream and the solicitor(s).



## Item 15: Custody

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Wealthstream's Agreement and/or the separate agreement with any Financial Institution may authorize Wealthstream through such Financial Institution to debit the client's account for the amount of Wealthstream's fee and to directly remit that management fee to Wealthstream in accordance with applicable custody rules.

The Financial Institutions recommended by Wealthstream have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Wealthstream. In addition, as discussed in Item 13, Wealthstream also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Wealthstream.

Clients may provide Wealthstream with a standing letter of authorization (or similar asset transfer authorization) which allows Wealthstream to disburse funds on behalf of clients to third parties. Wealthstream ensures the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
5. Wealthstream has no authority or ability to designate or change any information about the third party contained in the instruction;
6. Wealthstream maintains records showing that the third party is not a related party of the Firm or located at the same address as Wealthstream; and
7. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

## Item 16: Investment Discretion

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Wealthstream may retain the authority to exercise discretion on behalf of clients.

Wealthstream is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. Wealthstream is given this authority as provided in the agreement between Wealthstream and the client.

Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Wealthstream takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## Item 17: Voting Client Securities

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Wealthstream is required to disclose if it accepts authority to vote client securities.

We do not vote proxies for our clients who hold mutual funds and exchange traded funds. The Firm has authorized third party managers to vote proxies on behalf of clients who hold individual equity and fixed income securities in their accounts. In these situations where authorization has been granted, we have notified the clients of this delegation to proxy voting authority to the third-party managers.

Clients may contact us at (212) 971-9241 for information about proxy voting.

## Item 18: Financial Information

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Wealthstream is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Wealthstream has no disclosures pursuant to this Item.

Wealthstream does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance.