

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**March 2021**



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**Firm Contact:**  
**Greg Wambolt**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Wambolt & Associates, LLC. If clients have any questions about the contents of this brochure, please contact us at (720) 962-6700 or [greg.wambolt@wamboltwealth.com](mailto:greg.wambolt@wamboltwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #153454.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Wambolt & Associates, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure ("Brochure") that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

Since the last annual amendment filed on 03/04/2020, the following changes have been made:

- Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). PPP is intended to assist us with maintaining our firm's business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll expenses. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as staff retention and being used for payroll or firm overhead.
- Our firm's PPP loan has been forgiven in full. Therefore, our firm removed any reference to the loan. Please refer to Item 18 for additional information regarding our firm's financial condition.
- Our firm has amended our explanation of our Tiered (Blended) Pricing Schedule. This change was made to highlight our discounted fee rates should a client's immediate family member also use our services. Please refer to Item 5 for additional information.
- Our firm has updated our Employer-Sponsored ERISA Plan Consulting fee schedule. Please refer to Item 5 for additional information.

### Item 3: Table of Contents

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees & Compensation .....	7
Item 6: Performance-Based Fees & Side-By-Side Management.....	10
Item 7: Types of Clients & Account Requirements .....	10
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....	10
Item 9: Disciplinary Information.....	12
Item 10: Other Financial Industry Activities & Affiliations.....	12
Item 11: Code of Ethics, Participation or Interest in.....	12
Item 12: Brokerage Practices .....	13
Item 13: Review of Accounts or Financial Plans.....	18
Item 14: Client Referrals & Other Compensation.....	18
Item 15: Custody.....	19
Item 16: Investment Discretion.....	20
Item 17: Voting Client Securities.....	20
Item 18: Financial Information .....	20

## Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of Colorado and is wholly owned by Gregory Wambolt. Wambolt & Associates, LLC began doing business under Northwestern Mutual beginning 1986. Starting 2010, we became independent as a registered investment adviser.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

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

#### **Asset Management:**

As part of our Asset Management service, clients will be provided asset management *and* financial planning or consulting services.

This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service. Based on what is learned during the meetings, an investment approach is presented to the client consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Our firm may utilize the services of third-party money managers for portfolio diversification in domestic and international equities through separately managed accounts. Investment advice and trading of securities in these accounts will only be offered by or through the chosen third-party money manager and will be governed under a separate agreement between the client and money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third-party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third-party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third-party money managers as warranted; and, assist

the client in understanding and evaluating the services provided by the third-party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **Comprehensive Wealth Management:**

As part of our Comprehensive Wealth Management service, clients will be provided asset management, financial planning or consulting, *and* ongoing collaborative tax planning services.

This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation while proactively looking at tax liability within the context of the investment strategy in conjunction with a CPA. Accounting professionals are available throughout the year to advise on tax planning strategies and for consultations regarding possible tax consequences of personal investment decisions. Collaborative tax planning does not include the preparation and filing of annual income tax returns, but clients may independently engage the CPA for these services under a separate agreement. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service. Based on what is learned during the meetings, an investment approach is presented to the client consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

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### **Financial Planning & Consulting:**

Our firm provides a variety of standalone financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

Planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Insurance Analysis, Business and Personal Financial Planning. Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that our firm may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Plans or consultations are typically completed within six (6) months of the client signing a contract with our firm, assuming that all the information and documents our firm requests from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **Employer-Sponsored ERISA Plan Consulting:**

Our firm provides consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include:

- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

All consulting services shall be in compliance with the applicable state law(s) regulating consulting services. This applies to client accounts that are pension or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Employer-Sponsored ERISA Plan Consulting Agreement).

### **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Asset Management and Comprehensive Wealth Management clients. General investment advice will be offered to our Financial Planning & Consulting, Employer-Sponsored ERISA Plan Consulting, and Referrals to Third-Party Money Management clients.

Each client has the opportunity to place reasonable restrictions on the management of their account and the types of investments to be held in the portfolio including instructions not to purchase certain mutual funds, stocks, or other securities. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## Participation in Wrap Fee Programs

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Our firm does not offer or sponsor a wrap fee program.

## Regulatory Assets Under Management

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Our firm manages \$327,625,599 on a discretionary basis and \$0 on a non-discretionary basis as of 12/31/2020.

## Item 5: Fees & Compensation

Our firm is required to describe our brokerage, custody, fees and fund expenses so clients will know how much they are charged and by whom for our advisory services. Please find that information below. Additionally, please note that our fees are generally negotiable.

### Compensation for Our Advisory Services

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#### Asset Management & Comprehensive Wealth Management:

<i>Maximum Fee Schedule</i>	
<b>Assets under Management</b>	<b>Annual Advisory Fee</b>
\$0 to \$100,000.99	1.98%
\$100,001 to \$500,000.99	1.62%
\$500,001 to \$1,000,000.99	1.20%
\$1,000,001 to \$2,000,000.99	0.96%
\$2,000,001 to \$3,500,000.99	0.72%
\$3,500,001 to \$5,000,000.99	0.66%
\$5,000,001 to \$10,000,000.99	0.60%
\$10,000,001 and Over	0.48%

**Tiered (Blended) Pricing Schedule:** The actual fees charged to a client account are a blending of the rates above. For example, a \$1,000,000 account is charged 1.98% on the first \$100,000 of assets and 1.62% on the next \$400,000 of such assets, and 1.20% of the next \$500,000. The resulting blended fee is 1.44% or \$14,400 per year.

In addition to a blended pricing schedule, W&A also allows for householding of accounts among close family members for billing purposes only. Using the example of the \$1,000,000 client above who is charged 1.44%, if a parent, child, or sibling of the client had a \$3,000,000 account managed by W&A, the resulting blended fee would be a rate of 0.96% (the rate for \$4,000,000 total), or \$9,600 per year for the \$1,000,000 client and \$28,800 for the \$3,000,000 family member. The client and the family member would still have their accounts managed independently of each other.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the account(s) on the last business day of the previous quarter. Fees for the first cycle bill will be pro-rated to track only those days in the quarter that the account(s) were under our management and are payable upon execution of the service agreement. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, we will agree to directly bill clients. Fees will be

automatically deducted from the client's managed account. As part of the fee deduction process, the client understands and acknowledges the following:

- a) The client's independent custodian sends statements at least quarterly to the client showing all disbursements for the client's account, including the amount of the advisory fees paid to our firm;
- b) The client provides authorization permitting us to be directly paid by these terms; and
- c) Our firm will send an invoice directly to the custodian. If our firm sends a copy of our invoice to the client, a legend which urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements will be included.

Additionally, for clients wherein the services of a third-party money manager is used, clients should be aware that the third-party money manager retains their own billing process over which our firm has no control. Our firm does not receive any portion of the advisory fee third-party money managers charge for their services. The total fee to be charged, as well as the billing cycle, will be detailed in the third-party money manager's ADV Part 2A and separate advisory agreement to be signed by the client. This fee may be in addition to any fees published above for this service.

### **Financial Planning & Consulting:**

Our firm charges on an hourly or flat fee basis for standalone financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge the client, is based on the scope and complexity of our engagement with the client. Our hourly fee is \$200. Flat fees generally range from \$400 to \$20,000.

Our firm requires a retainer of fifty percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to the client and due to us within thirty (30) days of the client's financial plan being delivered or consultation rendered to the client. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. In all cases, our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Employer-Sponsored ERISA Plan Consulting:**

<i>Maximum Fee Schedule</i>	
<b>Assets under Management</b>	<b>Annual Advisory Fee</b>
\$0 to \$100,000.99	1.98%
\$100,001 to \$500,000.99	1.62%
\$500,001 to \$1,000,000.99	1.20%
\$1,000,001 to \$2,000,000.99	0.96%
\$2,000,001 to \$3,500,000.99	0.72%
\$3,500,001 to \$5,000,000.99	0.66%
\$5,000,001 to \$10,000,000.99	0.60%
\$10,000,001 and Over	0.48%

**Tiered (Blended) Pricing Schedule:** The actual fees charged to a client account are a blending of the rates above. For example, a \$1,000,000 account is charged 1.98% on the first \$100,000 of assets and 1.62% on the next \$400,000 of such assets, and 1.20% of the next \$500,000. The resulting blended fee is 1.44% or \$14,400 per year.



Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the client's account either upon the receipt of assets, or the balance at the end of the previous quarter. Fees will be debited directly from the Plan's Account(s) and the client authorizes the custodian for the Plan assets, which may be upon instruction from the Plan's administrator, to deduct fees directly from the Plan's Account(s). Client shall have the responsibility to verify the accuracy of the fee calculation, and client acknowledges that the custodian shall have no responsibility to determine whether the fee is properly calculated.

### **Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Charles Schwab & Co., Inc. and TD Ameritrade, Inc. do not charge transaction fees for U.S. listed equities and exchange traded funds. Additionally, Fidelity Brokerage Services eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Termination & Refunds**

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Either party may terminate the advisory agreement signed with our firm for Asset Management and Comprehensive Wealth Management services in writing at any time. Clients need to contact our firm in writing and state that the client wishes to terminate our services. Upon receipt of client's notice of termination, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan or the rendering of a financial consultation by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm and the Planner.

Either party to an Employer-Sponsored ERISA Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

## Commissionable Securities Sales

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Our firm and representatives do not sell securities for a commission in advisory accounts.

### Item 6: Performance-Based Fees & Side-By-Side Management

Our firm does not charge performance-based fees.

### Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us. However, clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity Investments, will not be charged transaction fees for U.S. listed equities and exchange traded funds.

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

#### Methods of Analysis

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Fundamental Analysis.* We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

*Cyclical Analysis.* In this type of technical analysis, we measure the movements of a particular stock

against the overall market in an attempt to predict the price movement of the security.

## **Investment Strategies We Use**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-term purchases.* When utilizing this strategy, we purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client.

*Short-term purchases.* When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

*Trading.* We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

*Margin transactions.* Our firm may purchase stocks, mutual funds, and/or other securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; and (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call. Furthermore, the fact that we bill on margin creates a conflict of interest as we are able to increase our billable assets under management by taking on additional leverage in client accounts.

*Real Estate Investment Trusts ("REITs"):* REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exempted status afforded under relevant laws. Additionally, private REITs are illiquid, often only allowing redemptions at pre-determined intervals, and may incur surrender charges for early liquidation.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

## **Description of Material, Significant or Unusual Risks**

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Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management and Comprehensive Wealth Management services, as applicable.

## **Item 9: Disciplinary Information**

Our firm has no legal or disciplinary events that are material to the evaluation of our advisory business or to the integrity of our management.

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

Representatives of our firm are insurance agents. As licensed insurance agents, our investment advisor representatives (IARs) offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation advisor and/or our supervised persons may earn. To mitigate this potential conflict, our firm will act in the client's best interest per our fiduciary responsibility.

Mr. Greg Wambolt owns a second company, Big Horn Tax Network, which is engaged in tax planning and tax preparation. These services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients. In order to minimize this potential conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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#### Custodian & Brokers Used

We do not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, TD Ameritrade Institutional which is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC, or National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") as the qualified custodian. ("Recommended Custodians"). Our firm is independently owned and operated, and not affiliated with Recommended Custodians. Recommended Custodians will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Recommended Custodians as custodian/broker, clients will decide whether to do so and open an account with Recommended Custodians by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Recommended Custodians, our firm can still use other brokers to execute trades, as described in the next paragraph.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below

## **Custody & Brokerage Costs**

Recommended Custodians generally do not charge a separate fee for custody services but are compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Recommended Custodians account(s). In addition to commissions, Recommended Custodians charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Recommended Custodians’ account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Recommended Custodians who execute most trades for the accounts.

## **Products & Services Available**

Schwab Advisor Services, TD Ameritrade Institutional, and National Financial Services LLC and Fidelity Brokerage Services are Recommended Custodians whose business is to serve independent investment advisory firms like ours. They provide our firm and clients, with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Recommended Custodians’ retail customers. Recommended Custodians also make available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Recommended Custodians’ support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Recommended Custodians’ products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Recommended Custodians’ support services:

## **Services that Benefit Clients**

Recommended Custodians' institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Recommended Custodians include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Recommended Custodians' services described in this paragraph generally benefit clients and their accounts.

## **Services that May Not Directly Benefit Clients**

Recommended Custodians also make available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Recommended Custodians and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Recommended Custodians. In addition to investment research, Recommended Custodians also make available access to institutional platforms, software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

## **Services that Generally Benefit Only Our Firm**

Recommended Custodians also offer other services intended to help manage and further develop our business enterprise. These services include:

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

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

Irrespective of direct or indirect benefits to our clients through Recommended Custodians, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

## **Our Interest in Recommended Custodians' Services.**

The availability of these services from Recommended Custodians benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and



they are not contingent upon committing any specific amount of business to Recommended Custodians in trading commissions or assets in custody.

In light of our arrangements with Recommended Custodians, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Recommended Custodians based on our interest in receiving Recommended Custodians' services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will always endeavor to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Recommended Custodians as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend, Recommended Custodians and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Recommended Custodians as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Recommended Custodians' services, and not Recommended Custodians' services that only benefit our firm.

### **Soft Dollars**

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Aside from the information reported above and below in Item 14, our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

### **Client Brokerage Commissions**

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Our firm does not acquire client brokerage commissions (or markups or markdowns).

### **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

### **Directed Brokerage**

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Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale



of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of Recommended Custodians. Each client will be required to establish their account(s) with Recommended Custodians if not already done. Please note that not all advisers have this requirement.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **Prime Brokerage**

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Our firm participates in prime brokerage services provided by 280 Securities LLC ("280 Securities"). Orders shall be transmitted to 280 Securities bond trading desk for the execution of trades. Schwab and TD Ameritrade will clear our prime brokerage transactions in block trading brokerage accounts established in the name of Wambolt and Associates, LLC and designated for our client account holders in an allocation established by us prior to placing orders.

280 Securities charges \$1 per bond traded, which is an equivalent fee to the bond trading desks at Schwab and TD Ameritrade. However, the client will have to pay a trade away fee for trading outside the Schwab and TD Ameritrade platforms. Therefore, we will only use and engage 280 Securities in instances where we may guarantee best pricing and execution over and above the increased transaction cost associated with trading away. 280 Securities also has a greater variety of bonds available for sale on their platform, which we would not otherwise be able to purchase.

Pursuant to the prime brokerage services agreement, 280 Securities will maintain all details of each prime brokerage transaction, including, but not limited to, contract amount, the security involved, the number of shares or units, and whether the transaction was a long or short sale or a purchase.

### **Aggregation of Purchase or Sale**

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Our firm performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or

disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Our management personnel or financial advisors review accounts on at least a quarterly basis for our Asset Management, Comprehensive Wealth Management, and Third-Party Money Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Asset Management, Comprehensive Wealth Management and Third-Party Money Management clients are contacted.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Standalone Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Standalone Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

Employer-Sponsored ERISA Plan Consulting clients receive reviews of their pension plans for the duration of the Employer-Sponsored ERISA Plan Consulting service. Our firm also provides ongoing services to Employer-Sponsored ERISA Plan Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

### **Item 14: Client Referrals & Other Compensation**

#### **Recommended Custodians**

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Our firm receives an economic benefit from Recommended Custodians in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Recommended Custodians. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 –Brokerage Practices*). The availability to us of Recommended Custodians' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Referral Fees

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Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

## Item 15: Custody

### Deduction of Advisory Fees:

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Third Party Money Movement:

On February 21, 2017, the SEC issued a no-action letter ("Letter") with respect to Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.

- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Clients engaged in our firm's Asset Management and Comprehensive Wealth Management services are required to sign a discretionary investment advisory agreement with our firm for the management of their accounts. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Clients engaged in all other services have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18: Financial Information**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.

- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.