

**Part 2A of Form ADV: *Firm Brochure***

**WMBC**

2 Venture Ste. 380  
Irvine, CA 92618

Telephone: 949-829-9622  
Email: [david@wmbc.financial](mailto:david@wmbc.financial)  
Web Address: [www.wmbc.financial](http://www.wmbc.financial)

March 20, 2023

This brochure provides information about the qualifications and business practices of Wealth Management and Business Concepts, herein "WMBC". If you have any questions about the contents of this brochure, please contact us at 949-829-9622 or [dcoles@wmbci.com](mailto:dcoles@wmbci.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 WMBC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 124462.

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2    Material Changes**

### General Notice:

This Firm Brochure is our disclosure document prepared according to the SEC's requirements and rules.

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### Material Changes:

There are no material changes to report since our last annual updated amendment to this registration statement, on March 16, 2022.

### Item 3 Table of Contents

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.....	12
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9	Disciplinary Information .....	14
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	15
Item 12	Brokerage Practices .....	16
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation.....	17
Item 15	Custody .....	17
Item 16	Investment Discretion .....	18
Item 17	Voting Client Securities .....	18
Item 18	Financial Information .....	18

## Item 4    **Advisory Business**

WMBC is an SEC registered investment adviser with its principal place of business located in California. WMBC began conducting business in 2001. David Scott Coles, President, is the firm's sole owner.

WMBC offers the following advisory services to our clients:

### **MODEL PORTFOLIO MANAGEMENT**

Our firm provides continuous supervisory investment management of portfolio securities services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. The model allocation portfolios are listed below with a description of each:

- **Tax-Exempt** - The primary investment objective for this portfolio is to seek tax-exempt investments producing capital preservation and/or current income. The risk posture for this portfolio is conservative, indicating a preference for low risk and volatility in return for accepting potentially lower returns.
- **Tax Advantage** - The primary investment objective for this portfolio is to seek tax-efficient investments producing current income and/or capital preservation, with some emphasis on growth of capital. The risk posture for this portfolio is moderately conservative, implying a willingness to take some risk to seek enhanced returns while preferring to reduce exposure of principal to loss or fluctuation.
- **Income** - the primary investment objective for this portfolio is to produce current income and/or capital preservation, with some emphasis on growth of capital. The risk posture for this portfolio is moderately conservative, implying a willingness to take some risk to seek enhanced returns while preferring to reduce exposure of principal to loss or fluctuation.
- **Balanced** - the primary investment objective for this portfolio is conservative long-term growth of capital with some emphasis on current income. Assets will be deployed in a manner to produce both capital appreciation and income in the form of interest or dividends. The risk posture for this portfolio is moderately conservative, implying a willingness to take some risk to seek enhanced returns while preferring to reduce exposure of principal to loss or fluctuation.
- **Growth & Income** - The primary investment objective for this portfolio is long-term growth of capital with some emphasis on current income. Assets will be deployed in a manner to produce both capital appreciation and income in the form of interest or dividends. The risk posture for this portfolio is moderate, implying a willingness to assume an average amount of market risk and volatility or loss of principal for higher returns.
- **Growth** - The primary investment objective for this portfolio is long-term growth of capital with volatility below that of the stock market. Assets will be deployed in a manner most likely to produce capital appreciation with little emphasis placed on generating income in the form of interest or dividends. The risk posture for this portfolio is moderately aggressive; an above-average amount of risk and volatility or loss or principal is tolerated to take advantage of potentially higher return opportunities.
- **Aggressive Growth** - The primary investment objective for this portfolio is to maximize long-term growth of capital. Assets will be deployed in a manner most likely to produce capital appreciation with little emphasis placed on generating income in the form of interest or dividends. The risk posture for this portfolio is

aggressive, implying a willingness to sustain substantial volatility or loss of principal and assume a high level of risk in pursuing higher returns.

Through personal discussions with the client in which the client's goals, objectives and strategy are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

WMBC clients have the option to select different investment strategies depending on suitability driven by their risk threshold, investment goals and objectives. Clients can select one of the following WMBC platform strategies: WMBC's legacy Core Strategic Hold, LTAM Tactical Management, WMBC Quantitative and Alternative Income Reduced Correlation. The management of clients' accounts within these different investment program platform strategies require a different amount of time, research and reporting which carry a separate fee. (See Item 5 Fees and compensation section below for additional information.)

We offer these services on a discretionary and non-discretionary basis and currently manage existing advisory accounts on a non-discretionary basis. Account supervision is guided by the client's stated investment strategy and objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Client permission is sought prior to all transactions WMBC implemented on the client's behalf.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's strategy and individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment strategy, objectives, tolerance for risk, liquidity and suitability.

To reasonably ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's strategy and financial circumstances, we will:

1. Send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;

2. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. Periodic reporting;
4. Be reasonably available to consult with the client; and
5. Maintain client suitability information in each client's file.

## **FINANCIAL PLANNING**

We provide two variations of financial planning services. Financial planning, in general, is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

The second type of financial planning services we offer is called Human Wealth Planning. We meet with clients at least quarterly basis and take them through our 4 steps of Human Wealth Planning, which are Discover Wellbeing, Explore Resources, Design Systems, and Implement Plan, as more fully described below.

1. Discover Wellbeing - Human Wealth™ begins with understanding the composition of your subjective wellbeing. Subjective wellbeing is how we perceive the areas of our lives that contribute to us feeling well. Our science-based model of wellbeing comprises four components: personal resources, external conditions, proper functioning, and experience of life. These four components of wellbeing are interconnected, each playing a vital role in our overall sense of wellness. Our proprietary Discover Wellbeing questionnaire captures your subjective responses and transforms them into quantitative metrics that we can track over time. We also use your responses to produce your individual Wellbeing Profile, providing you a visual summary of your subjective wellbeing. Together, you and your advisor will review your profile and identify key wellbeing attributes to guide the creation of your Human Wealth Plan™
2. Explore Resources - To bring about change or growth, you rely on your available resources; financial, personal, and social. In this phase we explore the objective state of all three types of resources, allowing for the intentional and sustainable use of each. Through our proprietary science-based Explore Resources questionnaire we will take a comprehensive account of your financial resources, understand the state of your health, and map out your immediate social network.
3. Design Systems - With your Wellbeing Profile in hand and resources fully examined, we use our 40 years of experience to design your unique financial systems. While also collaborating with your other professional advisors to ensure cohesion across your entire financial situation. In your annual Design Systems meeting we will review all your financial systems—including securities, insurances and annuities—to make certain that they continue to support you in a feasible way. Your Human Wealth Plan™ may include financial systems such as: Estate Planning, Tax Planning, Business Consulting\*, Investment Management, Retirement Planning, Risk Management, Resource Flow, & Special Family Needs (Business Consulting may incur an additional fee).
4. Implement Plan - In the final phase of Human Wealth™ we make sure the financial systems we designed together are integrated into your life properly. We work with your other professional advisors to develop a implementation timeline providing your team clarity and allowing you to focus on what really matters—living a happy fulfilling life.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

WMBC offers a hybrid product that combines both Model Portfolio Management and Human Wealth Planning delivering combined investment advisory services for a uniform advisory fee described below in Item 5. Fees and Compensation at a discount to our standard Model Portfolio Management only fee schedule.

## **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals, trusts, businesses, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

*Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

*Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

*Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's need indicate.

*Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2022, we were actively managing \$60,537,790 of clients' assets on a non-discretionary basis and \$37,562,692 on a discretionary basis with \$98,100,482 in total assets under management. The amount of Assets Under Advisement was \$374,514,985 for this same time in connection with financial Human Wealth Planning.

## **Item 5 Fees and Compensation**

### **MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule, with a minimum of \$1,200:



### **Advisory Fee Rate for clients WITHOUT Human Wealth Planning**

<b><u>Assets Under Management</u></b>		<b><u>Annual Fee</u></b>
\$100,000	\$750,000	1.10%
\$750,001	\$1,500,000	1.0%
\$1,500,001	\$3,000,000	.85%
\$3,000,001	\$10,000,000	.65%
\$10,000,001	\$15,000,000	.53%
\$15,000,000	Plus	.43%

### **Advisory Fee Rate for clients WITH Human Wealth Planning**

<b><u>Assets Under Management</u></b>		<b><u>Annual Fee</u></b>
First	\$1,000,000	.75%
Next	\$2,000,000	.60%
Next	\$5,000,000	.650%
Next	\$5,000,000	0.45%
Above	\$5,000,000	0.40%

<b><u>Investment Platform Fees</u></b>	<b><u>Annual Fee</u></b>
WMBC Strategic Hold	.15%
LTAM Tactical Management	.15%
WMBC Quantitative	.25%
Alternative Income Reduced Correlation	.35%

A minimum of \$100,000 of assets under management is required for this service. This account size can be negotiable under certain circumstances. WMBC can group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. All management fees are billed on a quarterly basis in advance. The fee is based on the net value of the assets in the accounts on the last business day of the previous calendar quarter. Upon prior consent from the client, WMBC deducts its fees directly from client accounts. On a quarterly basis WMBC will send the client a statement showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated. It is the client's responsibility to verify the accuracy of the fee calculations as the custodian will not do so.

**Limited Negotiability of Advisory Fees:** Although WMBC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of

associated persons of our firm.

## **FINANCIAL PLANNING FEES**

WMBC' Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our traditional Financial Planning fees are normally calculated and charged on a fixed fee basis, typically ranging from \$1,000 to \$15,000, depending on the specific arrangement reached with the client. Below please find a description of these fees:

<b><u>Fee range</u></b>	<b><u>Description</u></b>
\$1,000 To \$4,999	Basic Individual financial planning including budgeting, retirement and college planning
\$5,000 To \$10,000	Comprehensive individual planning including budgeting, retirement, college, and estate planning
\$10,001 To \$15,000	Business structure and planning and/or advanced estate planning for large estates

Our Human Wealth Fees are calculated quarterly based on net worth and are as follows:

<b><u>Net worth range</u></b>	<b><u>Quarterly Fee</u></b>
Up to \$2,000,000	\$1,250
\$2,000,000 to \$5,000,000	\$1,750
\$5,000,000 to \$10,000,000	\$2,000
\$10,000,000 to \$20,000,000	\$3,375
\$20,000,000 to \$50,000,000	\$5,000
\$50,000,000 to \$75,000,000	\$8,750
\$75,000,000 to \$100,000,000	\$15,000
\$100,000,000 and above	Negotiable

In certain circumstances it may make sense to bill by the hour. In this case, our Financial Planning fees for clients may be calculated and charged on an hourly basis, ranging from \$150 to \$350 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. Although we provide that these fixed costs are negotiable, WMBC will weigh factors such as assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reports, among other factors.

We will request a retainer upon completion of our initial fact-finding session with the client; however, advance

payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

The client will be billed quarterly in arrears based on actual hours accrued or a negotiated flat fee.

### **PENSION CONSULTING FEES**

We charge an annual fee for Pension Consulting Services which ranges from .10% to 1.25% of plan assets depending on the services requested and the size of the plan. All fees are billed monthly in arrears.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to WMBC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to WMBC' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** WMBC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, WMBC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset WMBC' advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### ***Compensation for the Sale of other Investment Products:***

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. This compensation does not represent more than 50% of our firm's revenues. The implementation of any or all recommendations is solely at the discretion of the client. Clients should be aware that the receipt of additional compensation by WMBC and its management persons or employees creates a conflict of interest that can impair the objectivity of our firm and these individuals when making advisory recommendations. WMBC endeavors at all times to put the interest of its clients first as part of our fiduciary duty. Clients have the option to purchase investment products that we recommend through other agents that are not affiliated with us. Additionally, we will offset fees in the event that there is a charge for advisory fees in addition to commissions or markups.

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

WMBC does not charge performance-based fees.

## **Item 7 Types of Clients**

WMBC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

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

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock

and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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

## INVESTMENT STRATEGIES

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.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**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.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Management personnel of WMBC are separately licensed and registered representatives of Triad Advisors, Inc., an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

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

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients.

Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by WMBC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. WMBC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

WMBC does not recommend or select other investment advisors for its clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

WMBC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

WMBC' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [dcoles@wmbci.com](mailto:dcoles@wmbci.com), or by calling us at 949-829-9622.

WMBC and individuals associated with our firm are prohibited from engaging in principal transactions.

WMBC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics 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 advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, and licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## Item 12 Brokerage Practices

As a matter of policy and practice, WMBC does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

WMBC has a legal and fiduciary obligation to ensure that clients are not disadvantaged by trade errors in any way. A trade error is an error in the placement, execution or settlement of a client's trade. When a trade error occurs, we work with all relevant parties in the trading process to promptly correct the error while ensuring it does not disadvantage the client.

WMBC has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like WMBC in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables WMBC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by WMBC (within specified parameters). These research and brokerage services presently include services such as company information, stock details, or fund performance and are used by our firm to manage accounts for which we have investment discretion.

WMBC may also receive additional services which may include shipping, planning software, or rebalancing tools. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of WMBC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while WMBC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. WMBC and Fidelity are not affiliated, and no broker-dealer affiliated with us is involved in the relationship between WMBC and Fidelity.

Lastly, WMBC may receive "non-cash benefits" from time to time by Triad Advisors, Inc. Triad Advisors, Inc. may offer WMBC employees the ability to attend industry-related conferences or other benefits; however, WMBC does not believe that such incentives impair WMBC's independence.



## **Item 13    Review of Accounts**

### **MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: David Scott Coles, President

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, WMBC will provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **PENSION CONSULTING SERVICES**

**REVIEWS:** WMBC will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. WMBC will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: David Scott Coles

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

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

It is WMBC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is WMBC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15    Custody**

WMBC has custody over certain client funds, and therefore is subject to an annual surprise examination by a public accountant.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

As previously disclosed in Item 4 of this brochure, our firm does offer discretionary asset management services. For these accounts, our firm's discretionary powers are outlined in the account agreement, which allows WMBC to place orders on the client's account without the client's specific consent.

For clients in non-discretionary agreements, WMBC will receive the client's positive specific consent before placing any trades.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

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

WMBC has no additional financial circumstances to report.