

ITEM 1: PART 2A FOR FORM ADV (FIRM BROCHURE)



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This brochure provides information about the qualifications and business practices of Watts Gwilliam & Co., LLC. If you have any questions about the contents of this brochure, please contact us at 888-324-8998 or email jeff@wattsgwilliam.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 Watts Gwilliam & Co. also is available on the SEC's website at: www.adviserinfo.sec.gov.

NOTE: While Watts Gwilliam may refer to itself as a "registered investment advisor" or "RIA", Clients should be aware that registration itself does not imply any level or skill or training.

ITEM 2: MATERIAL CHANGES

There are no material changes to report.

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ITEM 4: ADVISORY BUSINESS

Watts Gwilliam & Company LLC was established in May of 2004. The founding members include Jeffrey Stephen Watts, D. Bradford Gwilliam and David Bruce Watts. As of March 2023, the firm has total assets under management of approximately \$435 Million, managed on a discretionary basis.

Ongoing Asset Management

The primary business of Watts Gwilliam & Co., LLC, consists of furnishing “investment supervisory services” to clients. This activity includes the providing of ongoing advice concerning investment of monies consistent with each client’s circumstances, objectives, and preferences. Through individual consultations, our investment management process includes an assessment of each client’s individual needs, goals, risk appetite, time horizon, restrictions and account holdings. We attempt to structure each client’s investment allocation in the context of these considerations.

Types of Securities

Watts Gwilliam & Co. provides investment advice on the following types of securities: Equity securities (exchange listed, over-the-counter, and foreign-issuer securities), corporate debt securities, commercial paper, certificates of deposit, municipal securities, United States government securities, option contracts on securities and interests in partnerships. We also invest in mutual fund shares and exchange traded funds (ETFs).

Financial Planning

On certain occasions, we advise clients on matters not directly involving securities. This general guidance, commonly considered Financial Planning, may include advice related to issues such as retirement, education, and estate planning. Often, the results of this planning is used to better advise the client on issues related to the investment supervisory services discussed previously.

Sub-Advisor Services

In addition to the services discussed above, we may be hired as a “sub-advisor” on other investment platforms. In these situations, advisors unaffiliated with Watts Gwilliam & Co. outsource the investment supervisory services of certain clients to our firm. Details of these arrangements are further discussed in the section entitled Other Financial Industry Activities and Affiliations.

ITEM 5: FEES AND COMPENSATION

Watts Gwilliam & Co. offers its services for a fee based on a percentage of assets under management. Fees are determined on a case-by-case basis, considering such things as account value, complexity, and other factors. While fees vary based on many factors, our maximum fee is 1.25% per year. The value of accounts used for billing is based on the market value of investments held in the account (see Billing Process). At times, we may instead propose a fixed fee for portfolio management.

Fixed fees for financial planning services are based on the complexity of the planning and agreed to by the client in advance. We project our fixed fees to range from \$500 to \$3,500 for the initial

plan development. Update sessions and follow up work may require separate arrangements. At times, the advisor may decide to waive these fees, or apply fees paid for financial planning services toward the client's annual assets under management fees.

Fees paid by the client are disclosed on the signed client agreement and reported on custodial statements for the month in which they are assessed.

Minimum Annual Fee

We have established a minimum annual household fee of \$2,500. This account minimum may have the effect of making our services impractical for accounts with fewer assets. Watts Gwilliam & Co. may decide to waive this minimum based upon certain criteria such as anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, pro bono activity, etc.

Billing Process

Watts Gwilliam & Co. bills client accounts for a given quarter on or around the first business day of that quarter by applying one-fourth of the applicable annual fee to the closing market value on the just-concluded quarter's last trading day. An account billed on the first business day of January, for example, applies one-fourth of the appropriate household rate to the account's market value on the last trading day of December. Accounts are normally billed on the first business day of January, April, July and October. On occasion, various factors may cause a delay in the actual billing of an account. However, when this occurs, the billing is still calculated as if it had been done on the first day of the quarter. Market value is determined by the account custodian and is reported on client statements. In certain situations, such as illiquid private placement investments, the custodian may not report a value. In this case, the amount will be determined as the value on the books and records of the issuer of the investment. This amount may be higher or lower than the market value if that investment were to be sold. Clients authorize us in our client agreement and custodial paperwork to deduct fees directly from their account.

When an account is first placed under Watts Gwilliam & Co.'s management, billing begins on the first business day of the account being managed. In this case, fees are calculated on a daily, pro-rata basis, based on the number of days remaining in the quarter. The fee is applied to the initial value of the account on the first day of Watts Gwilliam & Co.'s management.

If an account is fully removed from Watts Gwilliam & Co.'s management during a billing quarter, the already-billed quarterly fee is pro-rated as specified in the client agreement and the difference between the assessed fee and the pro-rated fee is refunded promptly to the client. Clients may close accounts without penalty on the last day of any month, upon written notification of Watts Gwilliam & Co.

Investors who use margin to purchase securities will be billed on the total value of all investments, which means that the billable account value will be higher than had they not leveraged the account through margin.

Billing Process (Financial Planning)

We bill clients for financial planning fees upon completion of the agreed-upon services. Fees for financial planning services are invoiced directly to the client rather than deducted directly from an investment account.

Other Fees & Expenses

Watts Gwilliam may charge a quarterly fee up to \$15 per account to cover technology costs for various platforms available for client use. This will be disclosed on the client agreement.

Your account will incur fees and expenses charged by third-party service provided that are not related to our advisory fees. For example, brokerage firms may charge transaction fees to purchase and sell securities in your accounts. These transaction fees, or ticket charges, will vary based on the type of security being traded. Your account may incur other activity fees such as IRA fees and wire fees. Custodial and brokerage (transaction, account, and activity) fees will be disclosed in your brokerage account-opening paperwork.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Watts Gwilliam & Company does not charge performance-based fees on accounts held and managed through our institutional custodians. However, members of the firm may, from time to time, be involved in the management of private placement investments simultaneous to managing client assets as described in the section Advisory Business (above). These private investments may include performance-based fees. There may be times when certain of our clients choose to participate in these private investments. In these situations, money invested by our clients into these funds is not considered a billable asset for fee calculations. Instead, assets held in private funds are assessed a fee at the fund level (meaning there is no double-dipping of fees). Because some members of the firm may receive additional compensation through performance fees based on the success of the investment, a conflict of interest exists. Details of these offerings are outlined in the investment's disclosure documents.

Currently, certain members of Watts Gwilliam & Co. are also managers of the Vista Capital Fund III, LLC, and Vista Capital Fund IV: AK Courtyard. These funds seek to generate income and capital appreciation by investing in both commercial and residential real estate and real estate backed investments. David Watts, Brad Gwilliam, and Jeffrey Watts advise on the strategic direction of the funds and are responsible for servicing the clients. Certain clients of Watts Gwilliam & Co. may also invest in these offerings and the fees and compensation paid to us may be different than what are paid through more traditional investments. Fees for these funds may be higher and, therefore, may present a conflict of interest for members of Watts Gwilliam to recommend these funds over other investments. Additional information on the funds can be found in Item 8 of this brochure.

ITEM 7: TYPES OF CLIENTS

Watts Gwilliam & Co. provides investment advisory services to individuals, participants in pension and profit-sharing plans, trusts, estates, charitable organizations, pooled investment vehicles and corporate or business entities.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

When managing client portfolios, Watts Gwilliam & Co. generally places an emphasis on strategic asset allocation, utilizing investments from a broad spectrum of asset classes to achieve diversification. As such, investments are generally done with a long-term time horizon. This helps minimize both taxes and trading expenses.

In certain situations, such as clients with large, single stock positions, Watts Gwilliam & Co. manages a covered call options strategy through its Income Producing Option Model (OPTIC), also referred to as OPTIC. OPTIC can be used on both concentrated stock and equity index positions. The model seeks to provide investors appreciation to an upper target price with a simultaneous income stream generated through the option premium.

From time to time, and where suitable to client circumstances and preferences, we may use short sales, margin transaction, structured investment strategies and other trading strategies.

Income Producing Option Model (OPTIC)/Options Strategies

Our firm manages money for many investors with concentrated stock positions and for those seeking income through option premiums. While we do not assist clients in establishing these concentrated positions, we may be hired to assist the client in diversifying or seeking to add income through the receipt of option premiums. Watts Gwilliam & Co. does not liquidate these kinds of positions without communication to the client. Instead, we work with clients to establish a structured exit strategy. Clients with such positions may utilize the firms Income Producing Option Model (OPTIC), also referred to by the name OPTIC.

OPTIC seeks to provide income through the receipt of option premiums, while attempting to provide the client appreciation in the underlying stock or index. While the goal of the strategy is to participate in as much upside as possible, the performance can't be guaranteed. When utilizing the OPTIC strategy, clients typically continue to hold the underlying stock position and thus maintain the downside risk in the stock. If the stock position loses value, the client's return is the loss in stock price less the returns of OPTIC. The underlying stock may also appreciate above the strike prices of options sold. In this case, the client may not fully participate in the appreciation. Clients who use OPTIC without owning the underlying stock (naked options) are subject to additional risks. These risks should be carefully considered prior to investing.

At times, we may combine the selling of calls with the purchase of a put option. This structure, called a collar, will limit the upside growth in the stock (through the call option), but protect the

downside risk through the put option. We often refer to this strategy as “Dynamic Collars”, as the selling of call can be done actively through the OPTIC system while a longer-term put is held statically in the account. There are times that we use this strategy for clients as a moderate risk approach to investing in stocks or as a fixed income alternative.

Watts Gwilliam may advise clients on the use of other structured investments designed for specific purposes such as hedging, monetization, etc. These strategies may be managed by Watts Gwilliam, or, in certain situations, we may partner with investment banks for specific purposes.

Private Funds and Other Investment Strategies

Galaxy Plus Hedge Fund-Watts Gwilliam Overlay Fund

The Galaxy Fund is a private placement fund that is available only to accredited investors with a minimum investment amount of \$100,000. The fund invests in stocks while using the IPOM strategy as an income enhancement. The fund will generally invest in the S&P 500 index through ticker symbol SPY. However, from time to time, the fund may utilize other holdings to achieve its objective. The investment is administered through New Hyde Park Alternative Funds, LLC and offers weekly liquidity to investors. Watts Gwilliam does not have custody of the money in the Fund. The investment is packaged in this format to allow Watts Gwilliam to manage the strategy as a single pool, as opposed to trading the stocks and options on an account-by-account basis. Doing so provides more efficiency for the manager while lowering trading costs. Fees for the investment are charged at the fund level. Therefore, client holdings in the Galaxy Fund are excluded from billing at the individual account level (not double charged). Although this fund does not include performance-based fees, fees for investing in the Galaxy Fund may be different than those charged at the account level. Investors should refer to the fund’s legal documents for more information on fees, risks, and other important disclosures.

Vista Capital Fund III, LLC

Vista Capital Fund III, LLC (Fund III) is a private fund investing primarily in real estate (commercial and residential), with a focus on purchasing properties that require some development and improvement prior to resale. As a secondary option, the properties will be held as income producing assets. We believe that current economic conditions favor development in small retail, commercial, industrial and residential, particularly in situations where a purchase agreement or long-term lease is in force prior to investing. This fund is illiquid and may be purchased by only our clients who qualify according to the investment’s legal offering memorandum. VIII Partners, LLC, manages fund II. This management LLC is owned and managed by Jeffrey Watts, David Watts, Brad Gwilliam and Ben Cooper. Client assets that are invested in the fund are charged fees at the fund level. The value of client assets put into the fund are excluding from other billing. Because the fund offers a performance-based incentive fee, there is a conflict of interest in recommending this investment to clients. However, within our fiduciary duties, we are careful to ensure that no client invests at a level that would create excessive risk to their total portfolio allocation. *Vista Capital Fund III is currently closed to new investors.*

Vista Capital Fund IV: AK Courtyard, LLC

Vista Capital Fund IV: AK Courtyard, LLC (Fund IV) is a private fund investing primarily in the development, construction and operation of a Courtyard Marriott hotel located in Anchorage Alaska. This fund is considered non-diversified as its investing in a single project. Fund IV is

illiquid and may be purchased by only our clients who qualify according to the investment's legal offering memorandum. Vista Partners AK, LLC, manages the fund. This management LLC is managed Ben Cooper, with Jeffrey Watts, David Watts and Brad Gwilliam overseeing the manager, providing strategic direction to the fund and handling client administrative issues. Fund IV will not be accessed a fee and serves as a pass-through vehicle to the actual investment LLC. All fees will be charged at that level, with the manager (Vista Partners AK) being compensated through that LLC. We've used this structure to eliminate any double charging of fees. The value of client assets put into the fund are excluding from other billing done by Watts Gwilliam & Co. Because the principals of Watts Gwilliam are compensated through the performance of the fund, there is a conflict of interest in recommending this investment to clients. However, within our fiduciary duties, we are careful to ensure that no client invests at a level that would create excessive risk to their total portfolio allocation. *Vista Capital Fund IV is currently closed to new investors.*

Watts Gwilliam PATH Program

The PATH program is a technology-based platform designed to help investors who are in the accumulation phase of their wealth management cycle. The program allows clients to electronically establish accounts, set goals, and save toward those objectives. Unlike Watts Gwilliam's private clients (non-PATH clients), investors in this program receive advice and are serviced primarily through electronic methods (email, webinars, etc). While our advisors are available to assist when needed, investors in this program receive less one-on-one guidance and consultations.

Investment management in PATH is done through automated investment platforms that streamline deposits, rebalancing and portfolio allocation. Accounts in the program are diversified using only exchange traded funds (ETFs) and will include investments in U.S. and non-U.S. stocks, bonds, cash, and other liquid investments. Technology is used to ensure that the portfolio is kept within a tolerable range. Any triggers to rebalance the account (market movements, new cash deposits, etc) happen automatically and at the discretion of the manager.

The PATH program uses Betterment Securities (Betterment) as the custodian of the account. This means that accounts are opened at Betterment, in the name of the investor, and Watts Gwilliam is designated as the advisor to oversee the account. Betterment is responsible for providing account statements (at least quarterly), tax reporting, etc. While Betterment provides many benefits to the clients (goal modeling, tracking, automatic investment programs, etc), they also provide services intended to help us manage the account. Some of these services are to assist with back-office functions related to the account, educational events, technology support, etc. We believe that our selection of Betterment for this program is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services and not Betterment Institutional and Betterment Securities' services that benefit only us.

Fees and costs for the program are disclosed on the client agreement. The calculation of fees in this program is done as described above. However, unlike private clients of Watts Gwilliam, fees charged in the PATH program are done in arrears, not in advance. As clients in the program grow their wealth, they may be encouraged to leave PATH for the opportunity to receive more one-on-one counsel and advisement as a private client.

Methods of Analysis

Watts Gwilliam & Co. uses a combination of charting, technical and fundamental methods to assess risks and opportunities in the financial markets.

Throughout the investment process, we review numerous sources of information such as financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses and filings with the Securities and Exchange Commission, rating services and company press releases.

Risk of Loss

Investing in securities involves risk of loss. Despite all due care, investment decisions made for our client accounts are subject to various market, currency, economic, political and business risks, and those investment decisions will not always be profitable. Examples of specific risks are described in more detail below.

ITEM 9: DISCIPLINARY INFORMATION

Watts Gwilliam & Company has no disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain of Watts Gwilliam & Co.'s associated persons are also licensed insurance agents. Within this capacity, they may recommend the purchase of insurance products, such as life insurance and index annuities. These advisors may be compensated by the insurance company for selling insurance or fixed (or index) annuities. This does present a potential conflict of interest and all such transactions are done with proper disclosures.

ITEM 11: CODE OF ETHICS

Watts Gwilliam & Co. has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all our dealings. This fiduciary duty is the core principle underlying our Code of Ethics and represents the expected basis of all our dealings with our clients. Our written code of ethics includes standards of conduct, protection of material, non-public information, and personal conduct. A copy of our code of ethics is available upon request.

Client Related Securities

From time to time, our officers, and other employees, may invest alongside the firm's clients. This is done to both align the interests of the firm personnel and firm clients and as an expression of confidence in our portfolio management efforts. It is also acknowledged that we perform investment management for clients with varying investment goals and risk profiles. As such, the investment advice may differ between clients and investments made by the company's officers.

When a decision is made to purchase, or sell, a security, priority will always be given to the client's orders before those of a related or associated person to the advisor.

ITEM 12: BROKERAGE PRACTICES

Watts Gwilliam & Co. uses Fidelity Investments, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (member FINRA/SIPC), Charles Schwab & Co., Interactive Brokers and Betterment Securities (PATH Program discussed above) as its custodians for private client assets. The firm has chosen these custodians based on reasonable, straightforward commission structure, integrity, and financial stability. As a function of using the services of these custodians for its private clients' assets, the firm enjoys access to certain research reports to which we might not otherwise have access. The availability of these reports is in no way a function of the number or type of trades the firm executes on behalf of its clients. Watts Gwilliam & Co. receives no cash benefits from the custodians.

Watts Gwilliam participates in the Schwab Advisor Network (the "Program") offered by Charles Schwab & Co., member FINRA/SIPC ("Charles Schwab"), an unaffiliated SEC-registered broker-dealer and FINRA member. Charles Schwab, through its affiliate TD Ameritrade, offers to independent investment advisors services that include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from Schwab and TD through its participation in the Program. (Please see the disclosure under Item 14. below.)

In addition to the custodians listed above, Watts Gwilliam & Co. may, from time to time, utilize other custodians for transactions not available through Fidelity, T.D., Schwab, Interactive Brokers or Betterment. Such cases are generally not applicable to most of the firm's clients. However, when such cases arise, only custodians that are widely recognized for their financial size and strength are used.

Order Aggregation

Transactions for each client account generally will be affected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may choose to aggregate such orders to obtain best execution or to allocate equitably among our client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Participation or Interest in Client Transactions

The trading fees paid by our clients comply with the duty to obtain "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 Financial Institution's services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Watts Gwilliam & Co. seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. It is also our policy to not accept client's instructions for

directing brokerage transactions to a particular broker-dealer in exchange for benefits to be made to the client (Client Directed Brokerage Arrangements).

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services that assist us in our investment decision-making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because we do not have to produce or pay for the products or services. The products received qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

ITEM 13: REVIEW OF ACCOUNTS

A member of our investment committee and/or the advisor who oversees the particular account reviews individual accounts on an ongoing basis. This process is facilitated by the fact that we run model portfolios, not unique accounts for each household. While some client portfolios are created, and managed, outside our investment models, using models creates efficiency in overseeing client assets. Certain clients may impose restrictions on their holdings. In cases of such restrictions, we work carefully to align the portfolio as closely as possible to our models. Accounts are monitored on a portfolio management system that provides current and comprehensive information concerning account performance, asset allocation (both globally across all household accounts and on accounts individually), and the progress of individual positions in the portfolio.

Account reviews are a routine firm function and monitored through practice management software. Reviews can also be triggered, or intensified, by unexpected performance, shifting market conditions, or changing client preferences or circumstances. In both routine and unusual circumstances, the central purpose of the review process is to ensure that the firm's clients understand both what and how their accounts are doing. An additional purpose is to reaffirm that the client's investment mix remains suitable for their changing needs.

Clients receive monthly statements for each of their investment accounts. The production of these statements is generally outsourced to the account custodian. Upon request, clients may receive more detailed reports through the firm's portfolio management software (available through our website) and may access account information using our custodian's Internet resources. We advise clients to compare custodian statements with any separate adviser statements.

Watts Gwilliam & Co. typically meets with clients in person on a quarterly or semiannual basis. Some clients may desire more, or less, frequent meetings. During these meetings, client accounts are thoroughly reviewed and any changes in the client's needs and goals are discussed. These meetings are also used to update the client's other investment and financial planning needs. While scheduling client meetings in advance is preferred, clients may visit the office at any time. In addition to these written or formal methods, the firm communicates regularly with its clients through email and telephone.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Item 12. above, Watts Gwilliam participates in Charles Schwab's SAN program and Advisor may recommend Schwab, and their affiliate, TD Ameritrade, to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to Clients, although Watts Gwilliam receives economic benefits through its participation in the program that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. Some of the products and services made available by through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade and Charles Schwab. Other services made available by the program are intended to help us manage and further develop our business. The benefits we receive do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by our firm in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice for custody and brokerage services.

Watts Gwilliam may receive client referrals from Charles Schwab through its participation in the Schwab Advisor Network (SAN). In addition to meeting the minimum eligibility criteria for participation in SAN, we may have been selected to participate in SAN based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade, an affiliate of Charles Schwab & Co. Charles Schwab (and TD Ameritrade) is a discount broker-dealer independent of and unaffiliated with Watts Gwilliam and there is no employee or agency relationship between them. Charles Schwab has established SAN as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Charles Schwab does not supervise Watts Gwilliam and has no responsibility for our management of client portfolios or our other advice or services. Watts Gwilliam pays Schwab an on-going fee for each successful client referral. The Solicitation Fee is an annualized fee based on the amount of referred client assets. Watts Gwilliam will also pay the Solicitation Fee on assets received from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client. Watts Gwilliam will not charge clients referred through SAN any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to Charles Schwab to its clients. For information regarding additional or other fees paid directly or indirectly to Charles Schwab, please refer to the SAN disclosure form. Watts Gwilliam's participation in SAN raises potential conflicts of interest. Charles Schwab will most likely refer

clients through SAN to investment advisors that encourage their clients to custody their assets at Schwab and whose client accounts are profitable to Charles Schwab. Consequently, in order to obtain client referrals, Watts Gwilliam may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with Charles Schwab and to place transactions for client accounts with Charles Schwab. In addition, Watts Gwilliam has agreed not to solicit clients referred to it through SAN to transfer their accounts from Schwab or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Watts Gwilliam's participation in SAN does not diminish its duty to seek best execution of trades for client accounts.

Separate Accounts and Solicitor Agreements

Watts Gwilliam & Co. may be hired as a "sub-advisor" on other investment platforms. In these situations, advisors unaffiliated with our firm outsource the investment supervisory services of certain clients to Watts Gwilliam & Co. This can be done through a "solicitor agreement" in which case the referring advisor is paid a referral fee. Details of a solicitor agreement are found on a solicitor disclosure document signed by the client prior to Watts Gwilliam & Co. managing the assets. Solicitors can include other investment advisers, accounting firms and law firms. Using Watts Gwilliam & Co. as a sub-advisor can also be done through a signed tri-party agreement. The tri-party agreement outlines the details of the relationship, including the responsibility of the Manager (Watts Gwilliam), the Advisor (referring advisor) and the Client.

ITEM 15: CUSTODY

Custody by investment advisers means holding client funds or securities, directly or indirectly, or having the authority to obtain possession of them. For example, advisers have custody when the adviser has possession of client funds and securities or has power of attorney to sign checks on a client's behalf, to withdraw funds or securities from the client's account, or to otherwise dispose of a client's assets for any purpose other than authorized trading. Investment advisers who have custody of their clients' funds or securities must safeguard those funds as required by the SEC's "custody rule." The custody rule is designed to provide additional safeguards for investors against the possibility of theft or misappropriation by investment advisers who are registered with the SEC.

In most cases, Watts Gwilliam & Co. does not take possession of client funds (custody). Instead, our firm chooses custodians to hold client accounts (see Brokerage Practices above). On occasion, we may manage private investments that require the use of custody to manage the investment. Currently, we manage and have custody in the Vista Capital Fund III (see above). In so much as a client has chosen to invest in this fund, our firm does have "custody" of this portion of their investments. In accordance with custody rules, the fund completes an annual audit, and follows other necessary guidelines to safeguard our client's fund that are invested in the fund.

Standing Letters of Authorization (SLOA)

An SLOA is a letter signed by the client and addressed to the custodian (often on a standard form provided by the custodian) authorizing Watts Gwilliam & Co. to instruct the custodian to disburse funds or securities from a client account. For example, a client may use an SLOA to set up instructions to gift shares of stock from their brokerage account to a charity of their choosing. Establishing a pre-approved link between the investment account and the charity is done

through an SLOA. Although these instructions are set up in advance, by the client, the fact that the advisor has the authority to initiate the transfer creates custody. Custody resulting from SLOAs is monitored and controlled by the company's policies and procedures. For example, all SLOA's must be initiated and signed directly by the client. Additionally, the ultimate beneficiary of the transfer cannot be a related party to Watts Gwilliam & Co. Although our firm will use an SLOA at a client's request, policies and procedures are in place to regulate their use and to protect the clients account.

ITEM 16: INVESTMENT DISCRETION

Watts Gwilliam & Co. generally manages assets on a fully discretionary basis. This is done only at the client's written request. This means that we are able to direct transactions to buy, or sell, securities in client accounts without first approving the transaction with the client. In these instances, we implement an investment program that is considered prudent, appropriate, and suitable to the nature of the account and our understanding of the client's general characteristics. You may elect to limit this discretion. For example, you may request that we contact you prior to trading a specified security or may impose restrictions on the types of securities used. Limitations are listed on the client agreement.

The ability to exercise discretion and trade client accounts is limited to trading authority. Watts Gwilliam & Co. is not authorized to move money outside of accounts registered to the client.

ITEM 17: PROXY VOTING

We do not complete or participate in proxy voting for clients.

ITEM 18: FINANCIAL INFORMATION

There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to clients.

BROCHURE SUPPLEMENT-SUPERVISED PERSONS

Jeffrey S. Watts, Founding Member

Education:

Brigham Young University; BS Business Finance

Employment

Watts Gwilliam & Co.; May 2004-present

Merrill Lynch Pierce Fenner & Smith; May 1998-May 2004

Other Business Activities: Member of Vista Partners LLC, the Managing Member of the Vista Capital Fund, LLC. Member of WGC Management LLC, the Managing Member of the Vista Capital Fund II, LLC. Licensed life insurance agent.

Outside Compensation: Minimal compensation earned through the sale of life insurance products and as loan originator. Fees and profit sharing earned as manager of Vista Capital Fund, LLC.

Disciplinary History: None

D. Bradford Gwilliam, Founding Member

Education:

Arizona State University; BS Business Finance

Employment

Watts Gwilliam & Co.; May 2004-present

Merrill Lynch Pierce Fenner & Smith; May 1999-May 2004

Pilgrim Securities; September 1998-May 1999

Bank of America Investments; January 1996-September 1998

Other Business Activities: Member of Vista Partners LLC, the Managing Member of the Vista Capital Fund, LLC. Member of WGC Management LLC, the Managing Member of the Vista Capital Fund II, LLC. Licensed life insurance agent.

Outside Compensation: Minimal compensation earned through the sale of life insurance products. Fees and profit sharing earned as manager of Vista Capital Fund, LLC.

Disciplinary History: None

David B. Watts, Founding Member

Education:

Brigham Young University; BS Business Finance

Employment

Watts Gwilliam & Co.; May 2004-present

Merrill Lynch Pierce Fenner & Smith; December 1997-May 2004

Other Business Activities: Member of Vista Partners LLC, the Managing Member of the Vista Capital Fund, LLC. Member of WGC Management LLC, the Managing Member of the Vista Capital Fund II, LLC. Licensed life insurance agent.

Outside Compensation: Minimal compensation earned through the sale of life insurance products. Fees and profit sharing earned as manager of Vista Capital Fund, LLC.

Disciplinary History: None

Alan JacobsEducation:

New York University, MBA

New York University, Bachelor's Degree

Certification: Certified Financial Planner (CFP)

Employment

Watts Gwilliam & Co.; 03/2022-Present

Cambridge Wealth Management: 09/2003-03/2022

Merrill Lynch Pierce Fenner & Smith Inc: 01/2001-09/2003

Candle Corporation: 01/1982-01/2000

Other Business Activities: None

Outside Compensation: None

Disciplinary History: None

Mark VestEducation:

Arizona State University, MBA

University of Arizona: Bachelor's Degree

Employment

Watts Gwilliam & Co., 12/2007-Present

Call Realty-Realtor; 01/2005-12/2009

Bauerfeind-Director of Western Sales: 08/2001-04/2005

Conmed-Area Director-Western Area; 06/1980-08/2001

Other Business Activities: None

Outside Compensation: None

Disciplinary History: None

Jeffrey FryerEducation:

Arizona State University, BS-Business Finance

University of Phoenix, MBA

Employment

Watts Gwilliam & Co.; 12/2008-Present

Charles Schwab & Co.-Senior Relationship Specialist; 08/1999-12/2008

Other Business Activities: None

Outside Compensation: None

Disciplinary History: None

Carey McCradyEducation:

Western International University, BS in Accounting

Certification: Certified Financial Planner (CFP)

Employment

Watts Gwilliam & Co.; 12/2019-Present

CSM Financial Planning: 06/2016-12/2019

The Vanguard Group: 07/2006-06/2016

Other Business Activities: None

Outside Compensation: None

Disciplinary History: None

Yuan (Jenny) Zhenhua

Education:

Barton College, BS in Business and HR

Employment

Watts Gwilliam & Co.; 12/2019-Present

Merrill Lynch Pierce Fenner & Smith: 08/2017-08/2020

JP Morgan Securities: 02/2014-09/2016

Bank of America: 01/2012-02/2014

Other Business Activities: Board Member; Knox Gifted Academy. Volunteer position with no compensation. Minimal time commitment is required.

Outside Compensation: None

Disclosures: Discharged, Merrill Lynch, Pierce, Fenner & Smith Inc. Conduct involving instruction from and providing client information to an unauthorized third party. This conduct DID NOT result in customer harm.

Supervision

We oversee all advisors' personal security trades and correspondence. For further information, please contact Jeffrey Watts at 480-889-8998.

As part of Watts Gwilliam & Company's commitment to client trust, the confidentiality of personal information is paramount. We maintain high standards to protect personal information. We will remain vigilant in protecting that information and in using it in a fair and lawful manner.

This Pledge explains our privacy commitment. It describes the personal information that we collect and hold, and describes how we use, share and secure it. Covered by the pledge is the personal information of current and former Watts Gwilliam & Company clients, as well as prospective clients who offer personal information to Watts Gwilliam & Company as part of a potential client engagement.

In this pledge, "personal information" refers to any information relating to an identified individual, or any "nonpublic personal information".

WHAT INFORMATION DO WE COLLECT AND HOW DO WE COLLECT IT?

Based on our relationship with you, we collect personal information from and about you that is adequate, relevant, and appropriate under the circumstances. This information is collected from different sources, including, but not limited to, applications, forms, communications and other interactions. This information may include your name, address, e-mail address, telephone number, social security number or other identification number, income, financial goals, interests, sources of funds, and investment objectives.

HOW DO WE USE PERSONAL INFORMATION?

We use personal information to operate our business in a prudent and efficient manner. This may include, depending on the nature of your relationship with us, using it to evaluate financial needs; deliver integrated financial services; process and service transactions; respond to inquiries and requests; fulfill our obligations to you; work with your other financial, legal, insurance, and tax advisors; resolve disputes; prevent fraud; and perform risk control.

WHAT PERSONAL INFORMATION DO WE SHARE EXTERNALLY WITH NONAFFILIATED THIRD PARTIES AND WHY DO WE SHARE IT?

Watts Gwilliam & Company does not rent or sell personal information. In connection with the uses described above, we may, depending on the nature of your relationship with us, transfer some or all of your personal information to nonaffiliated third parties. These nonaffiliated third parties may be financial service providers (such as securities broker-dealers, banks or insurance companies) or others (such as professional services organizations, regulators, professional associations or other service providers). Among other things, these nonaffiliated third parties (a) help us carry out and finalize transactions; (b) provide us with consulting, accounting, legal and other services; and (c) help us develop, prepare and maintain our services and systems. Information may be provided to professional organizations, regulators, or others, to explain advice given to clients.

¹ As defined under the U.S. Gramm-Leach-Bliley Act. This generally includes, but is not limited to, nonpublic information that you provide to us or that we obtain about you in connection with the client relationship.

HOW DO WE PROTECT CLIENT CONFIDENTIALITY AND SECURITY OF INFORMATION?

We educate our members and employees to treat personal information with care, and work to limit access to this information to individuals who need it for purposes stated in this pledge. We maintain and monitor our physical, electronic and procedural safeguards, updating them as needed so that we may protect personal information. We take such technical and organizational security measures, as we deem appropriate, to keep personal information confidential and secure against authorized or unlawful processing, and to prevent loss, destruction or damage.

We endeavor to keep our information current and complete. Information is kept only for so long as is necessary for business purposes or to meet legal and regulatory requirements. If, at any time, you become aware of any discrepancies in your personal information, please notify us and we will make the necessary corrections.

RELATIONSHIP SUMMARY

WATTS GWILLIAM AND COMPANY, LLC

March 2023

Watts Gwilliam and Company is an investment adviser registered with the Securities and Exchange Commission. Investment advisory services and fees differ from brokerage services and fees and it is important for you to understand the differences. [Investor.gov/CRS](https://www.investor.gov/crs) is a website providing free and simple tools to research firms and financial professionals, and which provides educational materials about investment advisers, broker-dealers, and investing. We encourage you to ask us questions and have provided suggested conversation starters, "Questions to Ask Us," throughout this Relationship Summary.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer investment advisory services to retail investors. We first meet with you to gain an understanding of your current financial situation, your short- and long-term goals, and your risk tolerance. We use this information to recommend an investment portfolio specific to your investment objectives, goals, and needs. We refer some, typically smaller, accounts to a third-party manager. Our Investment Committee sets the firm's overall investment philosophy and underlying mix of asset classes. However, each advisory representative is responsible for monitoring the client portfolios of those clients he/she works with directly. We monitor accounts through an ongoing process with more formal account reviews conducted on a periodic basis and at least annually. Reviews are also triggered by material market, economic or political events, or by changes in your financial situation (such as retirement or termination of employment).

Questions to Ask Us:

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?**

We manage portfolios on a discretionary basis. When you grant us discretionary authority, this means we don't need to call you before buying or selling securities in your account. We obtain discretionary authorization through our signed advisory agreement with you. We offer advice on different types of securities. We do not have a minimum account size.

For more detailed information about our services, please request a copy of our Form ADV, Part 2A brochure. Our brochure can also be found here: <https://adviserinfo.sec.gov/firm/brochure/131458>

WHAT FEES WILL I PAY?

We provide our general portfolio management for an asset-based fee, which is negotiable. Our management fee is based on your total assets under management with us. Our maximum annual asset-based fee for portfolio management is 1.25%. We bill our fees quarterly in advance, usually deducted automatically from your account. When we charge asset-based fees, the more assets we

manage, the more you'll pay in management fees, giving us incentive to encourage you increase your assets with us. Upon request we offer financial planning for a fixed fee based on the complexity of your particular situation.

You will also pay fees charged by third parties for other services provided to you, including fees charged by third-party advisers, your custodian, and your broker-dealer. Examples of third-party costs include transaction fees, foreign tax withholding, regulatory fees, and wire transfers. Exchange traded funds (ETFs) and mutual funds also charge internal management fees, which reduce the return of investments over time. We are paid only through our own advisory fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Our [Form ADV, Part 2A \(Item 5 and Item 12\)](#) contain more detailed information about our fees and costs.

Questions to Ask Us:

- **Help me understand how these fees and costs might affect my investments. If I give you \$100,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

Outside of their role with our firm, our financial professionals are invested in and at times involved in the management of private investments that they may also recommend to our clients. This creates a conflict of interest as our financial professionals either receive fees directly from those investments through their ownership or manager role, or they benefit as an investor from increased value of that investment. This gives them incentive to recommend those investments to clients, thereby increasing the overall investment value. Watts Gwilliam & Co. does not charge an investment management fee on any of those assets. Our receipt of asset-based fees is a conflict of interest. For example, if you asked us for a recommendation about paying down outstanding debt or making charitable contributions, versus keeping those funds in your accounts with us, we will always make the recommendation that we believe is in your best interest. At the same time, we have a conflict of interest in making the recommendation because we earn more advisory fees when you keep more assets in your account.

The only direct revenue we receive is from the advisory fees you pay to us. We receive non-monetary benefits through our relationship with your broker-dealer/custodian, such as access to their institutional platform, research, technology services, and seminars. These benefits give us an incentive to recommend one particular broker-dealer/custodian over another.

Questions to Ask Us:

- **How might your conflicts of interest affect me, and how will you address them?**

Our Form ADV, Part 2A contains detailed information about our conflicts of interest.

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals receive variable compensation related to the amount of assets under management and total advisory fees generated. This creates a financial incentive to solicit and retain clients.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research our firm and our financial professionals.

Questions to Ask Us:

- **Who is my primary contact person?**
- **Is he or she also representative of a broker-dealer?**
- **Who can I talk to if I have concerns about how the service I am receiving?**

For more detailed information about our investment advisory services, or to request another copy of this Relationship Summary, please contact us at (480) 889-8998 and speak to your advisory professional or our Chief Compliance Officer. You may also visit the SEC's public disclosure website at www.adviserinfo.sec.gov.

EXHIBIT OF MATERIAL CHANGES TO RELATIONSHIP SUMMARY

WATTS GWILLIAM AND COMPANY, LLC

MATERIAL CHANGES

We are required to highlight any material changes we make to this Relationship Summary and publish those changes within 30 days of the effective date of the change.