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FORM ADV PART 2A BROCHURE

This Brochure provides information about the qualifications and business practices of Wells Financial Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (828) 252-4144 or davidwells@wellsfm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Wells Financial Management, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Wells Financial Management, LLC also is available on the SEC's website at www.AdviserInfo.sec.gov.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 4, 2022 we have made the following changes to our ADV.

1. We became registered with the Securities and Exchange Commission
2. Our minimum account size changed to \$500,000
3. We report custody regarding Standing Letters of Authorization (see Item 15 Custody for details).

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Item 4 Advisory Business

General Information

Wells Financial Management, LLC ("Wells Financial", or "we") was established in 2011 and is based in Asheville, North Carolina. Wells Financial is organized as a limited liability company ("LLC") under the laws of the State of North Carolina. David Wells is the sole owner of Wells Financial.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Wells Financial Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Investment Portfolio Management

We construct investment portfolios using diversified asset allocation strategies. Asset allocation is the way in which assets will be divided between different investments (i.e., stocks, bonds, real estate, and cash). We will propose an appropriate strategy only after we fully understand the client's financial goals, risk tolerance, time horizon, income needs, and tax situation. We review the suitability of each client's portfolio periodically as needs and circumstances change.

We will work with each client to develop a portfolio that reflects our understanding of the client's goals and risk tolerance and outlines the parameters for managing a client's investments. You may include restrictions on which securities we buy and sell.

We will manage the investment portfolio on a discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and direct your portfolio without prior consultation.

Notwithstanding the foregoing, you may impose certain written restrictions on Wells Financial in the management of your investment portfolio, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. You should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. You should also note that your investment portfolio is treated individually by giving consideration to each purchase or sale for the account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and may not necessarily be consistent with similar clients of Wells Financial.

Financial Planning

Our financial planning services follow a process that helps us understand our client's entire financial picture so we can address each client's unique and personal needs.

We can assist clients with implementing their financial plan and we will work with their existing tax and legal advisors or refer clients to other professionals if necessary. Financial plans can be updated as needed in light of personal, legislative and economic changes.

Financial planning services may address one or more of the following areas of a client's financial situation:

- Net worth evaluation
- Cash flow planning
- Debt restructuring
- Major purchase financing

- Cash reserves
- Risk management (death, disability, long-term care, etc.)
- Tax planning
- Education funding
- Retirement planning
- Estate planning
- Charitable planning

Clients may choose to have Wells Financial implement the financial plan and manage the investment portfolio. However, the client is under no obligation to act upon any of the recommendations made by Wells Financial under a financial planning engagement and/or engage the services of any recommended professional.

Wrap Fee Programs

We do not participate in any wrap fee program.

Types of Investments

We primarily offer advice on Mutual Funds, ETF's and individual stocks and bonds. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

IRA Rollover Recommendations

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

Assets Under Management

As of December 30, 2022, we provide continuous management services for \$101,186,085 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Investment Portfolio Management Fees

Asset management fees are based on the value of your managed account(s). Accounts within the same household will be combined to determine the fee rate. We have discretion to link "related" accounts (charitable trusts, etc.) or other family members together for the purpose of lowering fees.

The annual fee schedule, based on the tiered percentage of assets under management below, is as follows:

Portfolio Assets	Annual Fee
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$4,000,000	0.75%
Above \$5,000,000	0.50%
Over \$10,000,000	Negotiable

The minimum portfolio value is generally set at \$500,000. We may, at our discretion, make exceptions to the foregoing or negotiate special fee arrangements where we deem it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance based on the value of the portfolio at the beginning of the quarter. If management begins after the start of a quarter, fees will be prorated accordingly.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian;
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, the time period covered by the fee, and the specific manner in which the fee was calculated; and
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian call our main office number located on the cover page of this brochure.

Either Wells Financial or you may terminate the Investment Management Agreement by providing 30 days written notice. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Wells Financial from you will be invoiced or deducted from the client's account prior to termination.

Financial Planning Fees

We charge a fixed fee for financial planning services, which generally ranges between \$500 - \$5,000 and is based on the scope of work and the degree of complexity associated with the client's situation. The fee is negotiable. We will generally waive the financial planning fees for clients with at least \$500,000 who choose to use our investment portfolio management services for a minimum of one year.

We do not require you to pay fees six or more months in advance. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

You may terminate the financial planning agreement upon 10 days written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

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

Wells Financial does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Wells Financial has no performance-based fee accounts, it has no side-by-side management.

Item 7 Types of Clients

Wells Financial serves individuals, high net worth individuals, corporations, trusts, estates and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$500,000. Under certain circumstances and in its sole discretion, Wells Financial may negotiate this requirement.

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

Methods of Analysis

Economic Scenario Analysis

We review economic scenario research to assess the risk in our portfolio strategies. Likely changes to key economic variables such as inflation, interest rates, economic growth and the dollar are considered in determining what impact these variables could have on the return of global asset classes and the risk on client portfolios.

Mutual Fund and ETF's

Our evaluation includes both quantitative and qualitative data and begins with the available universe of options within each asset class. After completing initial screening on a fund, which includes an initial review of the strategy (via marketing materials, and third-party materials), we may review additional in-depth research which covers quantitative and qualitative evaluations of a number of factors before including a fund in client portfolios.

Individual Securities

Individual equities are typically evaluated and selected based on fundamental qualitative research. Emphasis is placed on earnings and dividend growth, stability of the company, dividend yield, dividend stability and capital appreciation potential.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Wells Financial will generally evaluate and select individual bonds based on a number of factors including, without limitation, rating, yield and duration.

ESG Investing

ESG Investing maintains a focus on Environmental, Social, and Governance issues. ESG investing may be referred to in many different ways, such as sustainable investing, socially responsible investing, and impact investing. ESG practices can include, but are not limited to, strategies that select companies based on their stated commitment to one or more ESG factors; for example, companies with policies aimed at minimizing their negative impact on the environment, social issues, or companies that focus on governance principles and transparency. ESG practices may also entail screening out companies in certain sectors or that, in the view of the investor, demonstrate poor management of ESG risks and opportunities or are involved in issues that are contrary to the investor's own principals.

"ESG Investing" is not defined in federal securities laws, may be subjective, and may be defined in different ways by different managers, advisers or investors. There is no SEC "rating" or "score" of ESG investments that could be applied across a broad range of companies, and while many different private ratings based on different ESG factors exist, they often differ significantly from each other. Different managers may weight environmental, social, and governance factors differently. Some ESG managers may consider data from third party providers which could include "scoring" and "rating" data compiled to help managers compare companies. Some of the data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle, but are not verified or reliable. Third party scores also may consider or weight ESG criteria differently, meaning that companies can receive widely different scores from different third party providers. A portfolio manager's ESG practices may significantly influence performance. Because securities may be included or excluded based on ESG factors rather than traditional fundamental analysis or other investment methodologies, the account's performance may differ (either higher or lower) from the overall market or comparable

accounts that do not employ similar ESG practices. Some mutual funds or ETFs that consider ESG may have different expense ratios than other funds that do not consider ESG factors. Paying more in expenses will reduce the value of your investment over time.

Investment Strategies

We develop broadly diversified investment portfolios which are focused on return objectives and varying degrees of risk tolerance. Investment strategies may contain a mix of fixed-income investments (such as bond funds or individual bonds) and equity investments (such as stock funds or individual stocks). There are instances where we may use passively-managed index and exchange-traded funds (ETFs). We may also use alternative investments or strategies, such as real estate funds, arbitrage funds, absolute-return-oriented funds, commodity futures funds, distressed debt, and hedge funds, if appropriate and when we believe allocations to these strategies can add value.

We start by determining an appropriate strategic asset allocation for each client based on return objectives and risk tolerance. The asset allocations are based on an evaluation of the historical long-term risk and return relationships of global asset classes, and on what we consider to be realistic and reasonable expectations going forward.

We review economic scenario analysis as a primary means to assess the risk in our strategies. We consider key variables such as interest rates, inflation, and economic growth and how these variables may influence likely return ranges for global asset classes. Considering these scenarios helps us make judgments about risk and return opportunities.

Risk of Loss

While we seek to diversify clients' investment portfolios across various asset classes consistent with each client's goals and financial situation in an effort to reduce risk of loss, all investment portfolios are nevertheless subject to risks. Accordingly, there can be no assurance that your investment portfolio will be able to fully meet your investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While we manage client investment portfolios based on our experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we allocate client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, we may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally considered less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. We will generally invest portions of your assets directly into equity investments, either stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to

daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks. We may invest portions of your assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. We also may invest portions of your assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Wells Financial or the integrity of Wells Financial's management. Wells Financial has no disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

Neither Wells Financial nor its Management Person has any other financial industry activities or affiliations to report.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Aggregated Trading

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We recommend the brokerage and custodial services of Charles Schwab. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services;
- The likelihood that your trades will be executed;
- Availability of investment research and tools;
- Overall quality of services;
- Competitiveness of price;
- Reputation, financial strength, and stability; and
- Existing relationship with our firm and our other clients.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Schwab Advisor Services provides Wells Financial with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help Wells Financial manage or administer our clients' accounts while others help Wells Financial manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities

transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Wells Financial client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Wells Financial other products and services that benefit Wells Financial but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Wells Financial accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Wells Financial in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Wells Financial's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

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

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely require that you direct our firm to execute transactions through Charles Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Aggregated Trade Policy

Wells Financial may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows Wells Financial to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

Wells Financial will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Wells Financial's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that

participates in an aggregated order will participate at the average share price for all Wells Financial's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Mutual Fund Share Classes

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

Item 13 Review of Accounts

Managed portfolios are monitored continuously by our portfolio management system to determine if they are within the minimum and maximum ranges for their respective target allocations. Accounts are reviewed and rebalanced on an as needed basis but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Wells Financial. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. David Wells, Managing Member of Wells Financial, reviews all accounts.

For those clients to whom we provide separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of Wells Financial's investment advisory representatives or principals.

Account custodians are responsible for providing you with monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide you with prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, we may provide a quarterly report for each managed portfolio. Additional reports are available at the request of the client.

Item 14 Client Referrals and Other Compensation

As noted above, Wells Financial receives an economic benefit from Schwab in the form of support products and services it makes available to Wells Financial and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in **Item 12 - Brokerage Practices**. The availability of Schwab's products and services to Wells Financial is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither Schwab nor any other party is paid to refer clients to Wells Financial.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Item 15 Custody

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

Standing Letter of Authorization

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers on a client's behalf has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters

for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

As a policy and in accordance with our client agreement, we do not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to you. You may contact Wells Financial with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

Item 18 Financial Information

We have not filed a bankruptcy petition at any time in the past ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.