

## Form ADV Part 2A: Firm Brochure

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November 2023

*This brochure provides information about the qualifications and business practices of WFA of San Diego, LLC. If you have any questions about the contents of this brochure, please contact us at: (619) 491-0225, or by email at: [compliance@wfasandiego.com](mailto:compliance@wfasandiego.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.*

*WFA of San Diego may refer to itself as a "registered investment adviser". Clients should be aware that registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about WFA of San Diego (CRD# 307404) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## ITEM 2 - MATERIAL CHANGES

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### ANNUAL UPDATE

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We have made the following material changes to our Form ADV Part 2A since our last annual amendment in March 2023:

- *Michael Hudson was named Chief Compliance Officer in November 2023.*

### FULL BROCHURE AVAILABLE

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Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (202) 753-4565, or by email at: [compliance@wfasandiego.com](mailto:compliance@wfasandiego.com).

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## ITEM 4-ADVISORY BUSINESS

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### FIRM DESCRIPTION

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WFA of San Diego, LLC was founded in 2019, and purchased the assets of Wheeler Frost Associates, Inc. in 2020. WFA of San Diego ("WFA SD") is an SEC Registered Investment Adviser. Zermatt Holdings, LLC and Louis Dworsky became the principal owners of WFA SD in 2020.

The Adviser provides personalized confidential wealth planning and investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses.

The Adviser is a fee-only wealth advisory and investment management firm. The firm does not sell securities or receive compensation from any other source other than its clients.

The Adviser does not act as a custodian of client assets. The client always maintains ownership of his or her assets.

### OTHER PROFESSIONALS

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Lawyers, accountants, insurance agents, etc. may be engaged directly by the client on an as-needed basis. Any conflicts of interest arising out of the Adviser's or its associated persons are disclosed in this brochure.

### PRINCIPAL OWNERS

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WFA San Diego, LLC ("WFA SD") and Zermatt Wealth Partners LLC ("ZWP"), are all entities owned or controlled by Louis Dworsky and Zermatt Holdings, LLC.

### TYPES OF ADVISORY SERVICES

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The Adviser provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; and furnishes investment advice through consultations. On more than an occasional basis, the Adviser furnishes advice to clients on matters not involving securities.

WFA of San Diego is a Registered Investment Adviser with the Securities and Exchange Commission. WFA SD provides advisory services to individuals, employee benefit plans, trusts, corporations, or other businesses (collectively "Client"). Advisory fees vary according to the type of investment services provided and higher or lower fees than those shown on the schedules below may be charged to particular Clients. Any fee arrangements will be consistent with the requirements of applicable laws and regulations, including the Investment Advisers Act of 1940, as amended (the "Advisers Act"), Advisers Act Rule 205-3, and if applicable, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). WFA SD will require each Client to make a selection of services in writing as part of the Client Agreement(s) herein referred to as "CA" which sets forth the rights and obligations of WFA SD and the Client. Fees charged for investment management services are payable quarterly, in arrears, utilizing the then-current fee structure, based upon the market value of assets on the last business day of the preceding quarter. On occasion fees for investment management services are based upon a flat fee agreed to in advance and not upon the value of the assets under management. A copy of WFA SD's written disclosure statement as set forth on Part 2 and Part 3 of Form ADV shall be provided to each Client before or at the time a CA is executed.

WFA SD generally provides investment supervisory services on a discretionary basis. Under limited circumstances, WFA SD may provide investment supervisory services on a nondiscretionary basis. In order to determine a suitable course of action for an individual Client, WFA SD may perform a review of the variables that are presented. Such review may include, but may not be limited to investment objectives, consideration of the Client's overall financial condition, income and tax status, personal and business assets, risk profile and other factors unique to the Client's particular circumstances.

WFA SD's investment supervisory services may include the following:

- Design, revision and reallocation of Client's portfolio. Investments may be determined by Client's investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situations and other suitability factors. Client accounts are managed on an individualized basis. Restrictions and guidelines imposed by Client may affect the composition and performance of portfolios. As a result, performance of portfolios with the same investment objective may differ. Clients should not expect that the performance of their portfolios will be identical to any other individual's portfolio performance.
- Utilization of established third party research services to assist WFA SD with formulating asset allocation, industry and sector selection, and individual security investment recommendations in constructing and maintaining Client portfolios. WFA SD may provide investment advisory services that do not involve investment supervisory services.

In determining a suitable course of action for a Client, WFA SD may perform a review of the variables that are presented. Such review may include, but is not necessarily limited to: investment objectives, consideration of the Client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the Client's particular circumstances.

WFA SD may provide investment advice through consultations not included in either service described above on a non-discretionary-only basis for Participant Directed Qualified Retirement Plans - 401(k)s. WFA SD may manage individual participant accounts in these 401(k)s, and may provide specific investment advice to individual participants in these plans.

In order to determine a suitable course of action for a 401(k) Client, WFA SD may perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to: the needs and objectives of the employer, the costs involved, and other factors unique to the Client's particular circumstances.

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of: 1)) Leaving the funds in your employer's (former employer's) plan; 2) moving the funds to a new employer's retirement plan; 3) cashing out and taking a taxable distribution from the plan; and/or 4) rolling the funds into an IRA rollover account. Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. Our recommendations may include any of them, depending on what we feel is in your best interest.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also 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. As a fiduciary, we are required to document the reason(s) for why the recommendation we made is in your best interest.

Investments may include: equities (stocks), warrants, corporate debt securities, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, and interests in partnerships etc.

WFA SD may offer advice on private equity and/or futures funds that contain investments in other private equity funds, also known as a "fund of funds," and/or "hedge-funds." WFA SD may also offer advice on private equity and/or funds that contain investments in equities, futures, options, and other securities, such as commodity futures. The prospectus or offering memorandum will reflect the investment objectives of the funds and the typical investments purchased by the management of those private equity and/or futures funds.

WFA SD may, on occasion, provide advice to Clients on matters not involving securities, and may include but is not limited to Business Planning, Business Succession Planning, Estate Planning, Financial Planning, Insurance Planning, and Wealth Management.

Initial public offerings (IPOs) are not available through the Adviser.

## **TYPES OF AGREEMENTS**

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### **Wealth Planning Agreement**

The Adviser will assist Client in the comprehensive management of affairs surrounding Client's wealth, including:

- Review, maintenance, and retention of documents including wills, trusts contracts, corporate documents, family records, etc.
- Recommendations pertaining to estate planning, retirement planning, generation planning issues, corporate issues, tax issues, asset protection, offshore asset planning, real estate, etc.
- Meetings, phone calls, and other coordination efforts with Client's other advisors including attorney, accountant, pension administrator, trustee, banker, insurance agent, etc.
- Other such services as may be agreed to in writing by Adviser and Client attached to the "CA".

The Adviser is not an attorney, accountant, or expert in many of the areas covered by the Client Agreement "CA" and does not provide such services. The role of Adviser is to act as a catalyst and as Client's agent in dealing with the matters under the "CA".

There is an inherent conflict of interest for the Adviser whenever a wealth plan recommends use of professional investment management services. The Adviser or its associated persons may receive compensation for wealth planning and investment management services. The Adviser does not make any representation that these services are offered at the lowest available cost and the Client may be able to obtain the same services at a lower cost from other providers. The Client is under no obligation to accept any of the recommendations of the Adviser or use the services of the Adviser.

### **Investment Management Agreement**

Adviser will direct, in Adviser's sole discretion and without first consulting Client, the investment and reinvestment of the assets in Client's account (the "Account") in securities and cash or cash equivalents.

The investment management services provided as outlined in the "CA" are as follows:

- *Evaluation.* Determine Client's investment objectives, time horizons, investment bias, risk tolerance, and other factors that may impact the portfolio design.
- *Portfolio Review.* Review Client's existing portfolio for continuity with Client's objectives and risk tolerance.
- *Asset Allocation.* Determine the most efficient allocation of capital to appropriate asset classes for Client's portfolio.

- *Asset/Asset Manager Selection.* Select the assets and/or asset managers.
- *Portfolio Monitoring.* Regularly monitor Client's portfolio to ensure that economic conditions, market performance, and the asset mix remain consistent with Client's objectives and risk tolerance.
- *Periodic Reporting.* Provide a comprehensive quarterly inventory of Client's investments under Adviser's management.
- *Regular Meetings.* Provide regular meetings with Client to review the Account.

Client's financial circumstances and investment objectives and any special instructions or limits that Client wishes Adviser to follow in managing the Account are described in Client's Investment Policy Statement. Client agrees to notify Adviser promptly of any significant change in the information provided by Client or any other significant change in Client's financial circumstances or investment objectives that might affect the manner in which Client's Account should be managed. Client also agrees to provide Adviser with such additional information as Adviser may consistent with obtaining best execution, transactions for Client's Account may be directed to brokers in return for research services furnished by them to Adviser. Such research generally will be used to service all of Adviser's Clients, but brokerage commissions paid by Client may be used to pay for research that is not used in managing Client's Account. The Adviser may, in its discretion, cause the Account to pay brokers commission greater than another qualified broker might charge to effect the same transaction where Adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

WFA SD offers three levels of service:

#### **Portfolio Administration Services**

The Adviser will provide Client with portfolio administration services including:

- *Quarterly Reporting* with an inventory of Client's investments under Client's management.
- *Trade Execution.* Adviser will execute trades at Client's direction.
- *Trade Settlement Review.* Adviser will review all trades that have been executed to ensure that they have been completed as Client has directed, subject to the receipt of trade details from Client.
- *Year-end Gains and Losses Reporting.* Adviser will provide report of realized gains and losses for tax purposes.

Portfolio Administration Services do not include Wealth Advisory Services, Investment Management Services, or Consulting Services. Adviser assumes no fiduciary responsibility for Portfolio Administration Accounts. It is Client's responsibility to notify Adviser of all Buy/Sell orders to be executed by Adviser. Buy/Sell orders to be executed by Adviser cannot be given through electronic or voicemail communications. Client has authorized Adviser to enter into such agreements and make such representations as necessary or proper in connection with the performance of its duties.

#### **Exchange Traded Funds Portfolio Services**

The Adviser provides a selection of discretionally managed investment portfolios using Exchange Traded Funds (ETF) exclusively. The Adviser provides the following services for all ETF Portfolios:

- *Asset Allocation.* Determine the most efficient allocation of capital to appropriate asset classes for each ETF Portfolio.
- *Fund Selection.* Select appropriate ETFs from the available universe for each ETF Portfolio.
- *Portfolio Monitoring.* Regularly monitor all ETF Portfolios to ensure that economic conditions, market performance, and the asset mix remain consistent with ETF Portfolio objectives.
- *Periodic Reporting.* Provide a quarterly performance report via a secure web service.



The ETF Portfolio account is not an individually managed account. It is intended for Clients with smaller investment portfolios. Clients with investment portfolios greater than \$500,000, should discuss the advantages of individually managed investment accounts with Adviser.

### **Hourly Planning Engagements**

The Adviser provides hourly planning services for Clients who need advice on a limited scope of work.

## **ASSETS UNDER MANAGEMENT**

As of December 31<sup>st</sup>, 2022, the Adviser manages approximately \$201,043,814 in assets. Approximately \$174,298,801 is managed on a discretionary basis for 422 accounts and approximately \$26,745,013 is managed on a non-discretionary basis for 62 accounts.

## **ITEM 5-FEES AND COMPENSATION**

### **INVESTMENT MANAGEMENT**

The Adviser bases its fees on a percentage of assets under management, hourly charges, and fixed fees. Although the Client Agreement is an ongoing agreement and constant adjustments are required, the length of service to the Client is at the Client's discretion. The Client or the Adviser may terminate an Agreement by thirty (30) days written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

#### **CONSERVATIVE ACCOUNTS**

| <b>Annualized Tiered Investment Management Fees</b> |                         |                              |
|---|-------------------------|------------------------------|
| <b>Account Value From</b>                           | <b>Account Value To</b> | <b>Annual Percentage Fee</b> |
| \$0   | \$1,000,000             | 1.0%                         |
| \$1,000,001   | \$3,000,000             | .50%                         |
| \$3,000,001   | \$6,000,000             | .30%                         |
| Over \$6,000,000                                    |                         | .20%                         |

#### **EQUITY & BALANCED ACCOUNTS**

| <b>Annualized Tiered Investment Management Fees</b> |                         |                              |
|---|-------------------------|------------------------------|
| <b>Account Value From</b>                           | <b>Account Value To</b> | <b>Annual Percentage Fee</b> |
| \$0   | \$1,000,000             | 1.25%                        |
| \$1,000,001   | \$3,000,000             | .80%                         |
| \$3,000,001   | \$6,000,000             | .60%                         |
| Over \$6,000,000                                    |                         | .40%                         |

The investment management fee schedules are tiered. The management fee is calculated by applying different rates to different values of the account. Total fees will be the sum of fees charged for AUM within

all applicable ranges. For example, the annual fee on a conservative account valued at \$1,500,000 would be calculated as follows:

$$\$1,000,000 \times .01 = \$10,000$$

$$\underline{\$500,000 \times .005 = \$2,500}$$

$$\text{Total Annual Fee} = \$12,500$$

Certain Clients pay fees according to a fee schedule previously used by the Adviser that may differ from the above schedule.

The above stated fee schedule is not inclusive of any additional fees that would be charged by any affiliated or unaffiliated sub-advisor.

### **Courtesy Accounts**

From time to time, Adviser may allow a Client (or parties related to a Client) at Adviser's discretion, to utilize Adviser's master agreement with a custodian for custody and to execute trades with no fees charged by the Adviser. Such accounts are not managed by the Adviser and are provided no investment advisory or investment supervisory services.

## **EXCHANGE TRADED FUNDS PORTFOLIO SERVICES**

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The Adviser charges a fee of one half of one percent (.50%) per annum, payable quarterly, in arrears (.125% per quarter) for Exchange Traded Funds Portfolio Services. In the first quarter, the fee will be prorated based on the number of days that the account was open during the quarter. Fees are deducted from a Client's ETF Portfolio account.

## **FLAT "FIXED" MANAGEMENT FEES**

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The Adviser charges a Flat Management Fee based on certain criteria which may include; the complexity of the portfolio, the type of assets held, the activity in the portfolio, etc. The retainer fee will be reflected in Schedule A of the "CA" and will be billed quarterly, in arrears. There is a minimum annual retainer fee of \$1,000.

## **401(K) SERVICES**

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The Adviser normally charges an annual fee for 401(k) consultation services as detailed in the "CA" agreement. Generally, for the design, implementation, investment management, reporting and participant education, .50% of the Plan assets, billed in arrears in quarterly increments of 0.125%.

## **FEE COLLECTION**

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WFA SD's investment management fee is paid quarterly, in arrears, based upon the market value of the assets (subject to the scope of the CA) on the last business day of the previous quarter. All fees are rounded up or down to the nearest dollar.

### **BY CUSTODIAN**

Client authorizes the custodian(s) of Client's account(s) to debit such account(s) for the amount of WFA SD's investment advisory fee and to directly remit those advisory fees to WFA SD in accordance with required SEC procedures as follows:

- (1) WFA SD will send the Client and the custodian(s) a bill showing the amount of fees charged.
- (2) The custodian(s) will send the Client a statement, at least quarterly (Trust Clients may direct the trust company to provide statements less frequently), indicating all amounts disbursed from the account including the amount of advisory fees paid directly to WFA SD.

### **DIRECT BILLING**

Client may request direct billing of WFA SD's investment advisory fees as follows: (1) WFA SD will create and submit to Client a bill showing the amount of fees due; and (2) the bill is payable to WFA SD within 30 days of receipt by the Client.

## **HOURLY FEES**

The Hourly Fee is applied occasionally for miscellaneous services. WFA SD's hourly fees range from \$100 to \$500 per hour depending on staff billing rates based on the nature and scope of services.

## **FLAT (FIXED) MANAGEMENT FEES**

On occasion, at its sole discretion, WFA SD may charge a lesser or Flat Management Fee based on certain criteria which may include an existing wealth management Client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.

## **FEE COLLECTION**

A Client's Flat Management Fee is detailed in Schedule A of the "CA". To the extent so engaged by Client in Schedule A of the "CA", the Flat Management Fee will be billed quarterly in arrears.

## **FLAT (FIXED) CONSULTATION FEES**

The Flat (Fixed) Consultation Fee is determined by the scope of the project and may include but is not limited to business planning, business succession planning, estate planning, financial planning, insurance planning, and wealth management.

## **FEE COLLECTION**

Flat (Fixed) Consultation Fees will be billed in arrears as detailed in the "CA", from the date of signing of the "CA" by Client. The fee is fully earned upon signing of the "CA" by Client. As WFA SD's services may not be proportionally delivered, if Client terminates the contract before the completion of the engagement for any reason except fraud, all remaining balances will become immediately due and payable. Upon termination of the "CA", WFA SD will deliver any work in progress to Client with no further obligation to WFA SD.

## **TERMINATION OF ADVISORY SERVICES**

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In the event of termination, fees will be pro-rated to the date of termination (30 days after the receipt of notification of intent to terminate) and collected from the account prior to the removal of WFA SD as adviser.

## **CONFLICT OF INTEREST BETWEEN DIFFERENT FEE STRUCTURES**

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The Adviser offers several different investment management services detailed in this brochure that compensate the Adviser differently depending on the service selected. There is a conflict of interest for the Adviser and its associated personnel to recommend the services that offer a higher level of compensation to the Firm through either/both higher management fees or reduced administrative expenses. The Adviser mitigates this conflict through its procedures to review Client accounts relative to the Client or investors personal financial situation to ensure the investment management service provided is appropriate. Further, the Adviser is committed to its obligation to ensure associated persons adhere to the Firm's Code of Ethics and to ensure that the Firm and its associated persons fulfill their fiduciary duty to Clients or investors.

## **OTHER FEES**

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There are a number of other fees that can be associated with holding and investing in securities. In addition to the advisory fees paid to WFA SD, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (i.e., fund management fees, 12b-1 fees, and other fund expenses), deferred sales charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Management fees charged by WFA SD are separate and distinct from the fees and expenses charged by the third parties in connection with the securities that may be recommended to you.

WFA SD will take into account the internal fees and expenses associated with each share class when selecting mutual funds that have multiple share classes for recommendation to clients, and it is WFA SD policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. WFA SD can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

We generally invest Client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve a reasonable return on your cash balances through relatively low-risk and conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management service. Advisor can at their discretion charge its management fee on the total market value of your account quarterly, including money market values/cash as advisor considers this a separate asset class.

## **ITEM 6-PERFORMANCE BASED FEES**

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Fees are not based on a share of the capital gains or capital appreciation of managed securities. The Adviser does not use a performance-based fee structure.

## **ITEM 7-TYPES OF CLIENTS**

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The Adviser generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities. Client relationships vary in scope and length of service.

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and Clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

## **ACCOUNT MINIMUMS**

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WFA SD will, at its sole discretion, determine the minimum size account it will manage based upon the client relationship, type of account, and other factors.

## **ITEM 8-METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **METHODS OF ANALYSIS**

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Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

### **INVESTMENT STRATEGIES**

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Strategies may include long-term purchases, short-term purchases, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). WFA SD utilizes an asset allocation process that involves selecting a mix of asset classes and the efficient allocation of capital to those asset classes. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific Client is based upon the objectives stated by the Client during

consultations. The Client may change these objectives at any time. The Adviser's strategies do not involve frequent trading.

## **RISK OF LOSS**

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Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any specific investment or investment strategy (including the investments and or investment strategies recommended or undertaken by WFA SD) will be profitable or equal any specific performance level(s). Securities investments are not guaranteed and you may lose money on your investments. Clients should understand that investing in any securities involves a risk of loss of both income and principal.

The adviser primarily invests in equity, fixed income and ETF securities to carry out its investment strategies. The basic risks for each of these securities are discussed below.

The fundamental risks of investing in equity securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (the risk that you will be unable to sell an asset); economic risk (the risk of a general downturn in the economy); and tax risk (the risk that the value of investments will be adversely affected by changes in tax laws).

The fundamental risks of investing in fixed income securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (limited or no marketability); economic risk (the risk of a general downturn in the economy); tax risk (the risk that the value of investments will be adversely affected by changes in tax laws); and business risk (the risk of inadequate profits or losses due to uncertainties.)

Exchange traded funds (ETFs) are investment funds that are traded on stock exchanges. They invest in different securities like stocks, bonds, real estate investment trusts, etc. The prices of ETFs may differ from the underlying value of the securities within the ETF as they are traded on an exchange and thus exposed to the supply and demand forces of market participants. Price premiums and discounts arise, especially for those ETFs that aren't traded very frequently. (ETFs) shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities such as the equity and fixed income risks discussed above. In addition, shareholders are liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

There are limitations inherent in the use of an Algorithm to manage Program accounts; for instance, the Algorithm is designed to manage Program accounts according to the asset allocation selected for that account and is not designed to actively manage asset allocations based on short-term market fluctuations. The Algorithm is also not designed to consider certain factors such as short-term asset class volatility or individual tax circumstances such as capital gains taxes; rather, its functions consist of proposing a portfolio based on a client's answers to the online questionnaire, identifying opportunities for tax-loss harvesting and rebalancing, and initiating buy/sell orders accordingly. Investment advisory personnel of CSIA oversee the Algorithm but do not personally or directly monitor each individual Program account.

There is also a risk that the Algorithm and related software used in the Program for tax-loss harvesting and rebalancing, and related functions may not perform within intended parameters, which may result in a recommendation of a portfolio that may be more aggressive or conservative than necessary, and trigger or fail to initiate rebalancing and/or tax-loss harvesting trading.

Before entering into an agreement with WFA SD, a Client should carefully consider: (1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time the Client's assets may fluctuate and at anytime be worth more or less than the amount invested.

## **ITEM 9-LEGAL AND DISCIPLINARY INFORMATION**

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The firm and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

## **ITEM 10-OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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As noted in Item 4, WFA SD is owned by Louis Dworsky and Zermatt Holdings, LLC, WFA San Diego, LLC (“WFA SD”), and Zermatt Wealth Partners LLC (“ZWP”) are all entities owned or controlled by Louis Dworsky and Zermatt Holdings, LLC. ZWP also operates under the following DBA: WFA Wealth Managers (“WFA”).

WFA SD and ZWP are registered as investment advisers with the SEC and are under common control. WFA SD, and ZWP (and accordingly ZWP’s dba WFA) have common members on the entities’ Boards of Managers.

Serving on the Board of Managers of multiple advisers could create a conflict of interest due to competing priorities, although this risk is expected to be minimal as all the above-named entities are owned or controlled by Louis Dworsky and Zermatt Holdings, LLC and are managed with a common strategic direction. Furthermore, the Board of Managers are subject to the WFA SD’s Code of Ethics. WFA SD’s Code of Ethics requires personnel to place client interests ahead of all personal interests. For more information on the Code of Ethics, see Section 11: Code of Ethics.

## **ITEM 11-CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **CODE OF ETHICS**

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The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser’s Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser’s Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective Clients may obtain a copy of the Adviser’s Code of Ethics by contacting the Compliance Officer of the Adviser.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

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Under the Adviser’s Code of Ethics, the Adviser and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for Clients and may own securities of the issuers whose securities are subsequently purchased for Clients. If an issue is purchased or sold for Clients and any of the Adviser, managers, members, officers and employees on the same day purchase or sell the same security, either the Clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the Clients shall receive a more favorable price. The Adviser and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for Clients.

In addition, WFA SD’s Chief Investment Officer (CIO) and other staff are members of the Association for Investment Management and Research (AIMR) and are bound by a Code of Ethics and Standard of Practice, a copy of which is housed in a Standards of Practice booklet and can be requested for viewing by Clients. The Code of Ethics and Standards of Practice applies to WFA SD as is required by such members

of AIMR. One of the areas reviewed for activity in employee investment accounts is for front running, whereby employees purchase securities or sell securities before Clients in anticipation of such Client purchases and sales impacting the value of the investment. Such activity is not allowed and is seen as an unethical business practice in contravention to WFA SD's code of conduct and standards of practice

## PERSONAL TRADING

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The Chief Compliance Officer of the Adviser is Michael Hudson. He reviews all employee trades each quarter. The personal trading reviews are designed to ensure that the personal trading of employees does not adversely affect the markets, and that Clients of the firm receive preferential treatment.

## ITEM 12-BROKERAGE PRACTICES

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WFA SD does not have the authority over the selection of the brokerage firm to be used or the commission rates to be paid without obtaining specific Client consent. However, the Adviser may recommend brokerage firms as qualified custodians and for trade execution. WFA SD generally recommends that Clients use either Charles Schwab & Co., Inc. ("CS&Co.") or TD Ameritrade (together "Custodians"), FINRA-registered broker-dealers, members SIPC, as their qualified custodian. WFA SD is independently owned and operated and not affiliated with Custodians. The Custodians will hold Client assets in a brokerage account and buy and sell securities when WFA SD instructs them to do so. While WFA SD recommends that Clients use Custodian as custodian/broker, each Client must decide whether to do so and open an account with Custodian by entering into an account agreement directly with them.

WFA SD takes into account a number of factors when recommending a brokerage firm including commission rates, the financial stability and reputation, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping and other services the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers.

Custodians generally offer a variety of share classes of open-end mutual funds for client accounts, which typically include: (1) Retail shares - generally available for purchase without a transaction fee, but by and large have a higher internal expense ratio than institutional class shares; and (2) Institutional class shares - typically have a lower internal expense ratio than the retail share class, but often require the payment of a transaction fee and may require a minimum dollar purchase or be subject to other restrictions that make them impractical for certain clients.

Even though the transaction fees and applicable fund expenses (i.e., 12b-1 fees) are payable to the account custodian, and not WFA SD or any of its employees, WFA SD must still undertake a review to determine what share class is most appropriate for the client, considering such factors as the intended purchase amount, the amount of the transaction fee, the difference in expense ratios, the intended holding period, and the availability of the institutional share class.

WFA SD will seek to achieve the best execution possible but this does not require it to solicit competitive bids and WFA SD does not have an obligation to seek the lowest available commission cost. The Adviser is not required to negotiate "execution only" commission rates, thus the Client may be deemed to be paying for research and related services provided by the broker which are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, investment-related research, duplicate statements, access to a trading desk, access to an investment adviser portion of their website, pricing information and market data, software and other technology that provide access to Client account data, compliance and or practice management-related publications, consulting and educational services, computer hardware and or software, and or other products used by WFA SD to augment its investment management business operations.

WFA SD's relationships with brokers or dealers that provide benefits other than execution creates a conflict of interest because WFA SD has an incentive to recommend a brokerage firm based on its interest in receiving research and related services. WFA SD examined this conflict of interest when the firm decided to enter into a relationship with the Custodians and determined that the relationships are in the best interest



of WFA SD's Clients and satisfy WFA SD's Client obligations, including the firm's duty to seek best execution. It is the policy and practice of WFA SD to strive for the best price and execution costs which are competitive in relation to the value of the transaction. Nevertheless, Clients should understand that they may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge; the Client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided; and the Adviser makes no warranty or representation regarding compensation paid on transactions.

## **RESEARCH AND OTHER BENEFITS**

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WFA SD has arrangements with Custodians to receive their "platform" services including brokerage, custodial, administrative support, record keeping and related services that are intended to support WFA SD in conducting business and in serving the best interests of WFA SD's Clients.

Custodians also make certain research and brokerage services available at no additional cost (or at a reduced price relative the retail cost) to WFA SD including third-party research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Custodians to WFA SD in the performance of WFA SD's investment decision-making responsibilities for Client accounts. Without this arrangement, WFA SD might be compelled to purchase the same or similar services at a greater cost to the firm.

WFA SD also has access to other products and services that help WFA SD manage and administer Client accounts. These include software and other technology that provide access to Client account data (i.e., trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of WFA SD's advisory fees from its Clients' accounts; and assist with back-office functions, record-keeping, and Client reporting. The availability of these services from Custodians benefits our firm because WFA SD does not have to produce or purchase them. Many of these services may be used to service all or a substantial number of WFA SD accounts.

## **DIRECTED BROKERAGE**

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Clients may direct the Adviser in writing to use a particular broker-dealer to execute some or all transactions for the Client ("Directed Brokerage"). However, Clients should understand that if they direct the use of a particular broker or dealer, WFA SD may not:

- Have the authority to negotiate commissions or obtain volume discounts
- Best execution may not be achieved
- Commission charges may vary between Clients depending on the custodian holding the Client account

## **ORDER AGGREGATION**

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As part of its efforts to obtain best execution, WFA SD aggregates orders ("block trade") for its Clients whenever possible. WFA SD has adopted policies and procedures regarding the aggregation and allocating of block trades, which include the following: (1) WFA SD will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution; (2) WFA SD will strive to ensure that no single account participating in the block trade would be favored over any other participating account; (3) each account that participates in a block trade will participate at the average price for that security; and (4) all transaction costs will be pro rata based upon each account's participation in such blocked order.

If WFA SD is unable to bunch or aggregate an order because Client accounts are held at multiple custodians/brokers, it is the policy of WFA SD to contact each of the brokers on a random basis. For example, WFA SD may elect to buy 20,000 shares of Company XYZ across its advisory accounts through two or three custodians/brokers. WFA SD would generally have no specific order in which the custodians/brokers would be contacted to execute the buy order – the timing of WFA SD's contacting the



custodians/brokers would be random.

## **BROKERAGE FOR CLIENT REFERRALS**

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WFA SD does not receive Client referrals from a broker-dealer or third party when recommending brokers for Client accounts.

## **ITEM 13-REVIEW OF ACCOUNTS**

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### **PERIODIC REVIEWS**

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Account reviews are performed quarterly by the CIO. In addition to quarterly supervision of accounts, the firm regularly reviews accounts to ensure that the investments and portfolio mix are consistent with the Client's Investment Policy Statement.

### **REVIEW TRIGGERS**

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Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a Client's financial or personal situation.

### **REGULAR REPORTS**

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Clients receive reports on a periodic basis. The written reports may include account valuation, performance stated in dollars and as a percent, net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives. Clients receive statements of account positions directly from the account custodian.

## **ITEM 14-CLIENT REFERRALS AND OTHER COMPENSATION**

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### **CLIENT REFERRALS**

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The Firm does not have any solicitor relationships.

### **REFERRALS TO THIRD PARTIES**

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The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them.

### **OTHER COMPENSATION**

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WFA SD receives an economic benefit from Custodians in the form of the support products and services they make available to WFA SD and other independent investment advisers that have their Clients maintain accounts at Custodians. These products and services, how they benefit WFA SD, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*).

The availability of Custodians' products and services to WFA SD is not based on WFA SD giving particular investment advice, such as buying particular securities for WFA SD Clients.

## **ITEM 15-CUSTODY**

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The Adviser does not accept or permit WFA SD or its associated persons to obtain physical custody of Client assets to include cash, securities, acting as trustee, providing bill paying service, have password access to control account activity or any other form of controlling Client assets. All checks or wire transfer

to fund Client accounts are required to be made out to/sent to the account custodian and transferred to the custodian by the end of the next business day.

## **ACCOUNT STATEMENTS**

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All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to Clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

## **PERFORMANCE REPORTS**

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Clients are urged to compare the account statements received directly from their custodians to the statements provided by the Adviser to compare position holdings and valuations.

## **ITEM 16-INVESTMENT DISCRETION**

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Client grants Adviser discretionary authority to transact securities on behalf of Clients. The Adviser has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may, however, be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of business or industries. All such restrictions are to be agreed upon in writing at the account's inception.

The Adviser will consult with the Client where discretion is not obtained prior to each trade in order to obtain Client approval for the transaction(s).

## **ITEM 17-VOTING CLIENT SECURITIES**

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### **PROXY VOTES**

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The Adviser will not vote nor advise Clients how to vote proxies for securities held in Client accounts. The Client keeps the authority and responsibility for the voting of these proxies. The Adviser does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The custodian will promptly forward any proxy voting information to Clients or their representatives.

### **CLASS ACTION LAWSUITS**

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From time to time, securities held in the accounts of Clients may be subject to class action lawsuits. WFA SD has no obligation or responsibility to (1) determine if securities held by the Client are subject to a pending or resolved class action lawsuit; (2) evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict; and (3) to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by Clients.

## **ITEM 18-FINANCIAL INFORMATION**

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The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients and the Adviser has never been the subject of a bankruptcy petition.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for Client funds or securities, and does not require prepayment of fees of more than \$1,200 per Client, and six months or more in arrears.

## PRIVACY POLICY

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Below is a summary of the Adviser's Privacy Policy regarding Client personal information. A complete version may be obtained by contacting the Chief Compliance Officer of the Adviser.

### WFA of San Diego:

- (A) Collects non-public personal information about its Clients from the following sources:
  - Information received from Clients on applications or other forms;
  - Information about Clients' transactions with the Adviser, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to Client accounts;
  - Information received from service bureaus or other third parties.
- (B) The Adviser will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
  - When required to maintain or service a customer account;
  - To resolve customer disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the customer;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
  - In connection with a sale or merger of The Adviser's business subject to a nondisclosure agreement;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the customer's instruction or consent.
- (C) Restricts access to confidential Client information to individuals who are authorized to have access to confidential Client information and need to know that information to provide services to Clients.
- (D) Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential Client information.