



Firm CRD #170230

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**Form ADV Part 2A**  
**Firm Brochure**  
**October 3, 2023**

This brochure provides information about the qualifications and business practices of Wisdom Wealth Strategies, LLC. If you have any questions about the content of this brochure, please contact our Chief Compliance Officer at (720) 314-8009.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Wisdom Wealth Strategies, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 170230.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in of itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 - Material Changes**

Wisdom Wealth Strategies, LLC amended its Form ADV Part 2 brochure from the previous version dated March 8, 2023 in light of Charles Schwab & Co., Inc's (Schwab) completion of the acquisition of TD Ameritrade. Details of the change can be located in Item 12.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (720) 314-8009 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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Throughout this document Wisdom Wealth Strategies, LLC shall also be referred to as “Wisdom Wealth Strategies,” “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons* and may refer to natural persons and legal entities.

## **Item 4 - Advisory Business**

### ***Description of the Firm***

Wisdom Wealth Strategies, LLC is a Colorado domiciled limited liability company originally formed in December of 2009. We operate under the business name Wisdom Wealth Strategies. We are not a subsidiary of, nor do we control, another financial services industry entity.

Our original registration as an investment adviser occurred in 2014 with the State of Colorado and has since changed to an SEC registration during 2021. Our firm and its associates may register, become licensed or meet certain exemptions to registration and/or licensing in other jurisdictions in which we conduct investment advisory business.

Andrea L. Blackwelder, CFP®, ChFC® and Joseph D. Clemens, CFP®, EA, AIF® are the firm's Managing Members and shareholders. Ms. Blackwelder also serves as our Chief Compliance Officer (supervisor). Additional information about Ms. Blackwelder and Mr. Clemens and their professional experience may be found in their respective Form ADV Part 2B brochure supplements.

### ***Description of Advisory Services***

If you choose to engage Wisdom Wealth Strategies for its services, you must first complete our client agreement. Thereafter, discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending on the scope of the engagement, you may be asked to provide copies of the following documents early in the process:

- Wills, codicils, and trusts
- Insurance policies
- Mortgage information
- Tax returns
- Current financial specifics including W-2s or 1099s
- Information on current retirement plans and benefits provided by your employer
- Statements reflecting current investments in retirement and non-retirement accounts
- Employment or other business agreements you may have in place
- Completed risk profile questionnaires or other forms provided by our firm

It is important that the information and/or financial statements you provide are accurate. Our firm is not obligated to verify the information you have provided which will then be used in the advisory process.

### ***Financial Planning***

For those interested in areas such as: cash flow and budgeting, education funding, retirement planning, risk management, estate planning, as well as periodic investment advice, we offer our financial planning services. Your financial plan is customized for your situation. The incorporation of most or all the above subjects allows not only a thorough analysis but also a tailored plan that is focused on your unique requirements so that we are able to assist you in reaching your goals.

A range of variables can affect the development of a financial plan, such as the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, and special needs of the client or their dependents, among others. At your request, we may concentrate on reviewing only a specific area, such as an employer

retirement plan allocation, funding an education, etc. When our planning services focus only on certain areas of your interest, your overall situation may not be fully addressed due to limitations you may have established. In all instances involving our financial planning engagements, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

### ***Portfolio Management***

Our firm is able to implement investment strategies that we have recommended to you. Depending on your risk profile, goals and needs, among other considerations, your portfolio will involve the employment of one of our investment strategies as well as either a broad range or more narrowly focused choice of investment vehicles which are further discussed in Item 8 of this brochure, and our fee rates are noted in Item 5. Where appropriate, we will prepare investment guidelines reflecting your objectives, time horizon, tolerance for risk, as well as any account constraints you may have for the portfolio. For example, you have the right to exclude certain securities from your portfolio (e.g., no options or foreign stocks). Investment guidelines are designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. We do not sponsor or serve as portfolio manager of a wrap fee investment program.

### ***Investment Supervisory Services***

Through our investment supervisory services offering we develop a customized portfolio for you based on your unique situation, investment goals and tolerance for risk. We serve as your portfolio manager under a discretionary or non-discretionary agreement (refer to Item 16), and the engagement includes:

- Determination of risk tolerance
- Investment strategy
- Investment guideline development
- Asset allocation
- Asset selection
- Regular monitoring
- Periodic rebalancing

### ***Tax Return Preparation***

Qualified firm personnel are available to provide our clients assistance in the preparation of federal and state income tax returns. Combining personal and/or small business income tax return preparation with financial planning may assist clients with a thorough, coordinated understanding of their finances. Clients are not obligated to use our firm for multiple services.

### ***Retirement Plan Services***

Our firm is available to assist retirement plan sponsors in understanding the scope of their duties and responsibilities, assist them with their investment options, and provide general advice and support during retirement plan group enrollment. We provide our plan services per § 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA). We do not serve as plan adviser pursuant to ERISA § 3(38), investment manager or plan administrator. Investment selection and rebalancing will be accomplished by plan participants on a self-directed basis.

## ***Retirement Plan Advice and Rollovers***

As a registered investment adviser, our firm is a fiduciary to every client, meaning that we are obligated to act in our clients' best interests at all times. In addition to our fiduciary status as an investment adviser firm, when our firm provides advice to retirement investors, such as advice on an employer-sponsored retirement plan, Individual Retirement Account (IRA) or other qualified retirement plan, we may also be considered by the Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of ERISA and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.

After an analysis of the client's situation and plan documents, we will consider relevant factors including but not limited to the following:

- Alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out;
- The fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all of the plan's expenses;
- The different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives;
- Evidence that a rollover is the most appropriate choice in light of any additional costs and the resultant decrease in the client's returns;
- How withdrawals are treated under each alternative (*e.g.*, penalties up to age 55 vs. 59-1/2);
- Protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific);
- Required minimum distributions;
- Tax implications of rolling shares of employer stock;
- The impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored 403(b) plan account);
- Any other relevant variables particular to the client's situation.

The client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning and/or investment management fees, and whether services we offer are already provided by or available through the current plan, potentially at no additional cost.

As of December 31, 2022, our firm had over \$108.2 million of reportable client assets under its management via discretionary engagement agreements.<sup>1</sup>

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<sup>1</sup> The term "assets under management" and rounding to the nearest \$100,000 per the SEC's Instructions for Part 2 of Form ADV.

## **Item 5 - Fees and Compensation**

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in your engagement agreement with our firm. Our published fees should not be considered negotiable, but we do discount accounts for our associates and their family members, as well as pre-existing ("legacy") accounts. We strive to offer fees that are fair and reasonable in light of the experience of our firm and the services to be provided to you.

Fees for financial planning and investment management services may be paid by check or teller's draft from US-based financial institutions. With your prior authorization, payment may also be made through a qualified, unaffiliated third-party processor<sup>2</sup> or withdrawal from your investment account held at your custodian of record. Wisdom Wealth Strategies does not accept cash, money orders or similar forms of payment for its investment advisory engagements.

Tax preparation fees may be paid by check or teller's draft from US-based financial institutions, or through credit card payment via a qualified, unaffiliated third-party processor.

### **Types of Fees and Payment Schedule**

#### ***Fixed Fees***

##### **Project-Based Services**

Our project-based financial planning services are designed for those who prefer a shorter-term engagement or who are in need of a limited number of modular planning services, such as assistance with the allocation of their employer-sponsored retirement plan and establishing a child's college fund. We are compensated for project-based services on a fixed fee basis ranging from \$1,000 to \$10,000 per plan, and the fee will be determined by the complexity of the engagement, the time involved developing the plan, number of accounts involved, etc. Half the quoted fee will be due upon execution of the engagement agreement and the remaining portion upon plan delivery.

##### **One-Time Engagement Services**

Through a one-time engagement for services, we will assist you over a set period of time, up to one year, creating your foundation and working with you to ensure various steps or action items are accomplished. We are available to help you in opening and maintaining investment accounts at the custodian of your choice, and we will provide portfolio allocation adjustments when necessary. This form of advisory service is paid through a fixed-fee rate that is \$500 to \$5,000 per semi-annual period (\$1,000 to \$10,000 per year) and paid in advance on a semi-annual schedule. The fee takes into consideration factors such as the complexity of your financial profile and requirements, the time involved developing your plan and assisting you in its execution, assets that comprise your overall portfolio, as well as the number of individual accounts comprising your portfolio and where those accounts are maintained. The agreed upon services will be rendered throughout the six-month period; fees are not to be extended or carried over into a subsequent semi-annual period.

##### **Tax Return Preparation**

Tax return preparation fees are assessed a per form/schedule fee ranging from \$5 to \$155. However, more extensive engagements may need to be separately quoted after the initial assessment. The necessary filing

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<sup>2</sup> We do not retain credit or debit card data. For an explanation of the term "PCI," who the PCI Security Standards Council is, as well as its comprehensive standards to enhance payment card data security, please go to [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)

forms/schedules required, and our associated fee, will be discussed with you prior to initiating the project. No advance fee/deposit is required, the entire fee will be due upon our delivery of your prepared tax returns to you.

For those clients who maintain an investment account with our firm of \$500,000 or more (as of each calendar year-end), we may waive our fee for personal tax return preparation. This service does not include corporate tax returns, is limited to two states' returns, one rental property, and we must include an additional fee for any international filings. Note that we cap the waived preparation fee at \$1,000. In the case of exceptionally complicated return, we will apply a credit of up to \$1,000 to the cost of preparing the return, with the balance due to our firm upon our delivery of the prepared returns.

### ***Hourly Fees***

Limited financial planning engagements may be accomplished via an hourly fee. Our rate is \$250 per hour billed in 15-minute increments and a partial increment (e.g., nine minutes) will be treated as a whole increment. Prior to entering into an agreement with the firm you will receive an estimate of the overall cost based on your requirements and the time involved. Generally, we require an advance deposit which will be the greater of \$500 or one-half the estimated fee and is due at the onset of the engagement. Any remaining fees due to our firm are to be paid upon delivery of our invoice which coincides with the delivery of your plan.

### ***Asset-Based Fees***

Fees for investment supervisory services are assessed an annualized asset-based fee that will be calculated based on the reporting period ending value of your account (e.g., the last market day of the quarter). These fees will be billed quarterly, in advance.

### ***Investment Supervisory Services***

Our investment supervisory services fees are based on the prior reporting period ending value of your account as described in the following table. The fee is determined by multiplying the previous quarter-ending account value by the applicable annualized basis points set forth in the below fee table (one basis point equals 1/100 of one percent). The result is then divided by four to determine the quarterly fee. The first quarter's fee will be prorated if the client entered into the engagement mid-quarter, and we will prorate our fee for any existing account's mid-cycle additions or withdrawals of \$50,000 or more.

**Formula:**  $((\text{previous quarter market value}) \times (\text{applicable annualized number of basis points})) \div 4$

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
\$0 - \$499,999	1.25% (125 basis points)
\$500,000 - \$999,999	1.10% (110 basis points)
\$1,000,000 - \$1,999,999	1.00% (100 basis points)
\$2,000,000 - \$2,999,999	0.90% (90 basis points)
\$3,000,000 - \$3,999,999	0.80% (80 basis points)
\$4,000,000 - \$4,999,999	0.70% (70 basis points)
\$5,000,000 – Above	0.60% (60 basis points)



### Discounting Asset-Based Fees

For the benefit of discounting your asset-based fee, we will attempt to aggregate investment supervisory services accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. Should investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we reserve the right to apply our fee schedule separately to each account.

### Payment of Asset-Based Fees

Accounts will be assessed in accordance with asset values disclosed on the statement the client will receive from the custodian of record for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if necessary.

Advisory fees will be noted on your quarterly account statement you will receive from your custodian of record. It is important that you review your statements to assess the accuracy of fee calculations; the account custodian does not verify the accuracy of advisory fee assessments for you.

Your written authorization is required in order for the custodian of record to deduct advisory fees from your investment account. By signing our firm's engagement agreement, as well as the selected custodian account documents, you will be authorizing the withdrawal of both advisory and transactional fees (see following section) from your account. The withdrawal of these fees from your account will be accomplished by the selected custodian at the request of our firm, and the custodian will remit fees directly to our firm. Fees deducted from the account will be noted on statements that you will receive directly from the custodian of record on a quarterly or more frequent basis.

You can request to directly pay our advisory firm its investment supervisory services fee in lieu of having the advisory fee withdrawn from their investment account. Our valuation assessment will remain the same as described above, and the client's direct payment must be received by our firm within 15 days of our invoice.

### Retirement Plan Services

Whether plan assets are maintained at our preferred custodian or via a third-party investment manager engagement, employer-sponsored retirement plans are assessed an asset-based fee that ranges from 0.50% to 0.75% (50 to 75 basis points) that is typically paid monthly, in advance (fee may be required in arrears for some third-party investment managers). If a third-party investment manager is engaged, our firm receives a portion of the total third-party investment management fee that is assessed; ranging from 0.25% to 0.50% (25 to 50 basis points) for our continued consultation as described in the ERISA plan engagement agreement. The fee is determined by the value of the account per the custodian's statement as calculated on the last trading day of each month. The fee is calculated by multiplying the quotient by the applicable number of basis points (one basis point equals 1/100 of one percent). The result is then divided by 12 to determine the monthly fee.

The first billing cycle will begin once the engagement agreement is executed with our firm and plan assets have settled into plan account(s) held by the designated custodian of record. Advisory fees for partial quarters will be prorated based on the remaining days in the initial period.

Written authorization is required in order for the custodian of record or plan administrator to deduct advisory fees from an account. By signing our firm's engagement agreement, the plan sponsor or plan participant will be authorizing our advisory fee deduction. In addition, the custodian's account documents will be executed by the plan sponsor or plan participant authorizing the custodian or plan administrator to withdraw advisory fees and any of transactional fees from an account. The custodian or plan administrator will remit our fees directly to our firm. Deducted fees and charges will be noted on account statements that are received from the custodian of record or plan administrator. We encourage account holders to verify the accuracy of fee calculations; the account custodian does not verify the accuracy of advisory fees.

#### Potential Additional Client Fees

Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder and per the separate fee schedule of your custodian of record.

We will ensure you receive a copy of our custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to these fees by the custodian of record and/or third-party administrator for certain tax-qualified plans.

Fees paid by our clients to our firm for our advisory services are separate from any of these fees or other similar charges. In addition, advisory fees paid to our firm for its services are separate from any internal fees a client pays involving mutual funds, exchange-traded funds (ETFs) or other similar investments.

Per annum interest at the current statutory rate may be assessed on fee balances due more than 30 days; we reserve the right to refer past due accounts to collections or legal counsel for processing. We suspend our services once an account is deemed past due.

Additional information about our fees in relationship to our brokerage practices are noted in Items 12 and 14 of this document.

#### External Compensation Involving Sale of Securities

We do not charge or receive a commission or mark-up on your securities transactions, nor do we receive "trails" or SEC Rule 12b-1 fees from a mutual fund company we may recommend. Our clients have the right to purchase recommended or similar investments through their own service provider (i.e., brokers, agents, etc.).

When there is the potential for the receipt of a commission and other similar compensation via an insurance product transaction (e.g., purchase of a fixed annuity, life insurance policy, etc.), an associate of our firm that is licensed as an insurance agent has an incentive to make such a recommendation based on the compensation they receive rather than a client's need. Our advisory firm and its associates take their responsibilities seriously and only intend to recommend investments, insurance, or advisory services we believe appropriate for each client. Please refer to Items 10 and 11 of this firm brochure, in addition to Item 4 of an associate's Form ADV Part 2B brochure supplement for details.

#### Termination of Services

Either party may terminate the agreement at any time by communicating the intent to terminate in writing. Wisdom Wealth Strategies will not be responsible for investment allocation, advice, or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that

we inform the custodian of record that the relationship between the firm and the client has been terminated.

The client has the right to terminate the engagement without penalty within five business days after entering into the agreement with our firm. Should a client terminate an engagement involving hourly or fixed fees after this five-day time period, the client may be assessed fees at the firm's current hourly rate for any time incurred in the preparation of the client's analysis or plan.

When an investment supervisory services client terminates their agreement after the five-day period, the client will be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice.

Our firm will return any of its prepaid, unearned fees within 30 days of our receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice. Our return of payment to a client for fixed and hourly fees will only be completed via check from our firm's US-based financial institution; no credits or "transaction reversals" will be issued. We will only coordinate remuneration of prepaid asset-based fees to an investment account via our selected custodian.

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

Our advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

#### **Item 7 - Types of Clients**

We provide advisory services to individuals and high net worth individuals, their trusts and estates, as well as small businesses and their key personnel, and pension and profit-sharing plans. We encourage interested parties of all economic levels to seek our advisory services; we do not require minimum income, minimum asset levels or other similar preconditions. Wisdom Wealth Strategies reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or preexisting relationships. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

##### **Methods of Analysis and Investment Strategies**

##### ***Method of Analysis***

Wisdom Wealth Strategies employs a blend of fundamental and technical analyses. For example, fundamental analysis involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical analysis may involve studying the historical patterns and trends of securities and their markets in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. Firm research may be drawn from sources that include financial periodicals, information published by economists and other industry professionals, corporate rating services, as well as annual reports, prospectuses, and regulatory filings.

## ***Investment Strategies***

We recognize that each client's needs and goals are different; subsequently portfolio strategies and underlying investment vehicles vary. The firm may employ active, Core + Satellite and passive account management strategies in order to seek growth while concurrently managing risk through appropriate asset allocation. The following defines the common strategies utilized within a client's portfolio, *in alphabetical order*:

### **Active Asset Management**

A portfolio manager engaging in an active asset management strategy believes it is possible to create a profit from identifying or leveraging mispriced securities, or producing similar returns with less risk, or producing returns greater than a stated benchmark, such as a well-known index. For example, a "large cap stock" fund manager might attempt to outperform the Standard & Poor's 500 Index by purchasing underpriced stocks or derivative instruments representing these positions.

Portfolio managers may attempt to preserve capital during times of high risk through the use of cash and cash equivalents, and the percentage of account holdings invested in the market vary based on what is believed to be the prevailing risk in the market. For example, if a manager feels risk in the stock market is low, he might increase exposure to equities to attempt to take advantage of growth opportunities. When risk in the stock market is considered high, all of or a portion of the portfolio's equity exposure may be moved to more stable short-term fixed income instruments and cash equivalent alternatives in order to preserve capital.

### **Core + Satellite**

This strategy blends passive (or index) and active investing, where passive investments are used as the basis or "core" of a portfolio and actively managed investments are added as "satellite" positions. With this strategy, the portfolio core holdings are indexed to potentially more efficient asset classes, while outlying selections are generally limited to active holdings in an attempt to outperform a particular category (sector), or a selection of particular positions to increase core diversification, or to improve portfolio performance. For example, the core of a portfolio may be built with low-cost index funds or ETFs; satellite holdings would include active investment managers (mutual funds) with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle. The core represents the majority of the total portfolio, using primarily index funds or index-based ETFs. The remainder of the portfolio employs mutual funds or ETFs that take a shorter duration to assist in the over-or-under allocation to specific sectors, regions, assets classes, etc.

### **Passive Account Management**

Our passive strategy is based on Modern Portfolio Theory; selecting securities whose price movements have historically low correlations to create efficient portfolios that offer the highest expected return for a given level of risk, or one with the lowest level of risk for a given expected return. This practice does not employ market timing or stock selection methods of investing but rather a long term, buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

We will strive to create portfolios that contain investment vehicles that are diversified, tax-efficient, and low-cost investments whenever practical. Although it is common to find a broad range of index mutual funds or ETFs within a portfolio, certain accounts may necessitate holding actively managed mutual funds and individual equity (stock) positions. An account might contain fixed income holdings, such as bonds,

certificates of deposit (CDs) and money markets<sup>3</sup> to create as broad a diversification as necessary to meet demands of the portfolio or to effectively employ pre-existing holdings within your account.

### Risk of Loss

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

### ***Active Management Risks***

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This can result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

### ***Catastrophic Risk***

Natural or man-made catastrophes can disrupt financial markets and impact securities prices. Examples include terrorist attacks, natural disasters, war, etc. Investment companies can use “exigent circumstances” or “force majeure” as a defense against claims of loss by investors.

### ***Company Risk***

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

### ***Core + Satellite Strategies***

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark.

### ***Country/Regional Risk***

World events such as political upheaval, financial troubles, or natural disasters will adversely affect the value of securities issued in foreign countries or regions. This risk is especially high in emerging markets where securities may be substantially more volatile and less liquid than securities in more developed countries.

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<sup>3</sup> Wisdom Wealth Strategies may recommend but does not distribute certificates of deposits, money market accounts or similar savings vehicles for client accounts. The firm is not a financial institution, is not a member of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association (NCUA), nor is required to be an FDIC or NCUA member. You may learn more about the FDIC or NCUA and how they serve financial institution depositors/members by going to their website at [www.fdic.gov](http://www.fdic.gov) or [www.ncua.gov](http://www.ncua.gov). Securities recommended through our advisory firm are not FDIC or NCUA/NCUSIF-insured.

Because registered investment company securities (e.g., a mutual fund) may invest a large portion of its assets in securities located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

### ***Failure to Implement***

Each planning client is free to accept or reject any or all recommendations made by our firm. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their financial plan may face an increased risk that their stated goals and objectives will not be achieved.

### ***Financial Risk***

Excessive borrowing to finance business operations increases the risk of profitability, because a company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Fundamental Analysis***

The challenge involving fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value.

### ***Inflation Risk***

Also called *purchasing power risk*, is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

### ***Macroeconomic Risk***

Macroeconomic risk derives from the behavior of industries and governments and the relationships between them rather than from individual companies. It concerns fiscal and monetary policies, trade and investment flows and political developments on a national and international scale. Business cycles, depressions, inflation, unemployment, interest rates, valuations, prices, and imports/exports volumes are all unpredictable and can lower or destroy investment portfolios. Central banks and governments often resort to inflationary policies and excessive fiat currency issuance through borrowing and printing. These macroeconomic maneuvers may possibly support or increase the nominal value of investment assets short term but lead to inflation and asset bubbles and later crashes.

### ***Management Risk***

An investment with a firm varies with the success and failure of its investment strategies, research, analysis, and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

### ***Market Risk***

When the stock market as a whole or an industry as a whole fall, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

### ***Operational Risk***

The potential for loss resulting from inadequate or failed internal processes, systems, actions of people, or external events. Many industries institute policies and procedures to respond and initiate alternative or

supporting operations following a significant business disruption, while others do not. The level of operational risk and appropriate response are not uniform in definition, requirement, or measurement, including within the financial services sector.

### ***Passive Investing***

A portfolio that employs a passive, efficient markets approach (representative of Modern Portfolio Theory) has the potential risk at times to generate lower-than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may be a deviation from the average return for the asset class. We believe this variance from the expected return is generally low under normal market conditions when a portfolio is made up of diverse, low or non-correlated assets.

### ***Research Data***

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### ***Sequence of Return Risk***

The risk of receiving lower or negative returns due to early withdrawals from an investment account.

### ***Settlement Risk***

Also called *delivery risk*. The risk that one party will fail to deliver the terms of an investment contract with another party (contra-party) at the time of settlement. Settlement risk can be a risk associated with default, along with any timing differences in a settlement between the two parties.

### ***Sociopolitical Risk***

The risk of instability in a region due to war, terrorism, pandemics, etc., that might affect investment markets.

### ***Technical Analysis***

The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

### **Security-Specific Material Risks**

#### ***Emerging Markets Securities***

Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid, and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility;

restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.

### ***Equity (Stock) Risk***

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

### ***ETFs***

Exchange-traded fund risks include risks due to their underlying securities (e.g., stocks, bonds, derivatives, etc.), and can be affected by risks such as market, currency, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect “ETF liquidity.” Liquidity risk can result from an insufficient number of “active participants” performing their duties as intermediaries and liquidity providers in the ETF market. “Spread risk” may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on the exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF “fails,” the investor may lose their gains and invested principal. ETFs can carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by “active risk,” a deviation from its stated index. We do not recommend leveraged or inverse ETFs to our clients due to their greater risk.

### ***Fixed Income Risks***

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

- **Call Risk** - During periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The owner of the bond would then lose any potential price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the owner’s income. Call risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, high for long-term bond funds, and high for high-yield bonds.
- **Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. Bondholders are creditors of an issuer and have priority to assets before equity holders (e.g., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.



- **Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.
- **Prepayment Risk** - The prepayment risk is the premature return of principal on a fixed-income security. When principal is returned early on a security, future interest payments will not be paid on that part of the principal. The owner of the security would lose any price appreciation above the principal and forced to reinvest the unanticipated proceeds possibly at lower interest rates, resulting in a decline of dividends, income, and returns. The risk of prepayment is most prevalent in fixed-income securities such as callable bonds and mortgage-backed securities.
- **Reinvestment Risk** - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- **State Government and Municipal Securities Risk** - State government and municipal securities are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. Repayment of state and municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is also a risk the interest on an otherwise tax-exempt municipal security may be subject to federal income tax. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall state and municipal market.
- **U.S. Government Securities Risk** - U.S. government securities are subject to varying interest rates and inflation risks. Not all U.S. government securities are backed by the full faith and credit of the U.S. government. Certain securities issued by agencies and instrumentalities of the U.S. government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is risk these entities will default on a financial obligation.

### ***Foreign Securities Risk***

Investments in securities of foreign companies, including direct investments as well as investments through American Depositary Receipts (ADRs), can be more volatile than investments in US companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than US markets. In addition, the value of securities denominated in foreign currencies, and of dividends from these securities, can change significantly when foreign currencies strengthen or weaken relative to the US dollar. Financial statements of foreign issuers are governed by different accounting, auditing, and financial reporting standards than the financial statements of US issuers and may be less transparent and uniform than in the United States. Thus, there may be less information publicly available about foreign issuers than about most US issuers. Transaction costs generally are higher than those in the United States and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar US securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising an account's portfolio. These risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

### ***Information Technology Sector Risk***

Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. As with other technology companies, information technology companies may have limited product lines, markets, financial resources, or personnel.

The products of information technology companies may face obsolescence due to rapid technological developments, frequent new product introduction, unpredictable changes in growth rates, and competition for the services of qualified personnel. Companies in the information technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.

### ***Index Investing***

You will need to keep in mind that investment vehicles such as certain ETFs and indexed funds have the potential to be affected by “tracking error risk” (see earlier paragraph under *Core + Satellite Strategies*).

### ***Liquidity Risk***

Liquidity risk is the inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. There are times when there is no trading volume/market depth to support a security’s current price. As such, the true value of the bond (for example) may not be supported by the current price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

### ***Money Market Funds***

A money market fund is managed to maintain a stable net asset value (NAV) of \$1 per share, the value of the fund may fluctuate, and you could lose money (termed “breaking the buck”). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, pays dividends that generally reflect short-term interest rates and seeks to maintain a stable NAV per share (typically \$1). An investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation, National Credit Union Association, or any government agency.

### ***Mutual Funds***

As with ETFs, the risk of owning a mutual fund is reflected in the underlying security(ies). Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even “conservative” funds, such as a money market fund or fixed income fund, can and have lost their value below the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Indexed mutual funds can also be adversely affected by “QDI ratios” that are described in a following paragraph. There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some open and closed-ended funds are sold through brokerage firms and assess a commission (“load”) in addition to their underlying fees earlier noted, while others are offered through investment advisers, retirement plans and other institutions. “No load” funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees. If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they pay through that executing firm. Our firm is not a broker/dealer and (per Items 5 and 10 of this brochure) does not recommend nor is compensated by a “loaded” fund.

### ***QDI Ratios***

While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. A holding’s QDI will be considered when tax-efficiency is an important aspect of the client’s portfolio.

### ***Small- and Mid-Capitalization Company Risk***

The small- and mid-capitalization companies in which an account may invest may be more vulnerable to adverse business or economic events than larger, more established companies. Investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets, and financial resources, and may depend upon a relatively small management group. Small- and mid-cap stocks, therefore, may be more volatile than those of larger companies. These securities may be traded over-the-counter (OTC) or listed off-exchange.

### **Item 9 - Disciplinary Information**

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

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

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. Wisdom Wealth Strategies will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Wisdom Wealth Strategies and its associates are not registered, nor do they have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm. We are not required to be registered with such entities, nor do they supervise our firm, its activities, or our associates. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- accounting firm or accountant
- lawyer or law firm
- another pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include an investment company or other pooled investment vehicles

Our firm’s management and associates are also licensed insurance agents appointed with unaffiliated insurance carriers. Further information regarding these other activities may be found in each associates’ Form ADV Part 2B brochure supplement (in Item 4). Whether they are serving a client in one or more

capacities, each associate will disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service they may provide. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Wisdom Wealth Strategies holds itself to a *fiduciary standard*, which means the firm and its associates will act in the utmost good faith, performing in a manner believed to be in the best interest of its clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that remain. You should be aware that no set of rules can possibly anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **Code of Ethics Description**

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. Wisdom Wealth Strategies periodically reviews and amends its Code of Ethics to ensure that it remains current and requires firm personnel to annual attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

Firm associates that are CERTIFIED FINANCIAL PLANNER™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which you may find at [www.cfp.net](http://www.cfp.net).

#### **Privacy Policy Statement**

We respect the privacy of all clients and prospective clients both past and present (collectively termed "customers"). It is recognized that you have entrusted our firm with non-public personal information, and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information clients provide to complete their financial plan or investment recommendation;
- Information clients provide in engagement agreements and other documents completed in connection with the opening and maintenance of an account;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about client transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our customers have specifically authorized us to do so;

- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information. Within the firm, access to customer information is restricted to personnel that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes providing information about a family member's account.

The firm will provide you with its updated privacy policy, in advance, if firm privacy policies are expected to change.

#### Firm Recommendations and Conflicts of Interest

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial lending institution.

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our firm and its related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In order to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendations or trades, etc.), firm policy requires that we restrict or prohibit certain related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of the accompanying Form ADV Part 2B for further details.

Our firm is able to provide a range of advisory services to you and all of our clients. Due to our firm's ability to offer two or more services and receive a fee for each engagement, a conflict of interest exists due to the extended services provided. We therefore note that you are under no obligation to act on our recommendations and, if you elect to do so, you are under no obligation to complete all of them through our firm or our recommended service providers.

#### **Item 12 - Brokerage Practices**

Wisdom Wealth Strategies does not maintain physical custody of your assets. Your account must be maintained by an unaffiliated, qualified custodian, such as a broker/dealer, futures commission merchant, national bank, or a trust company. Our firm is not a custodian or broker/dealer, nor do we have an affiliate that is a custodian or broker/dealer. We do not receive referrals from a custodian or broker/dealer, nor would client referrals a factor in our recommendation of a custodian or broker/dealer.

If we are engaged to provide an investment consultation component of our financial planning service, we may recommend the service provider where client assets are currently maintained. If a client prefers a new service provider, a recommendation made by the firm would be based on client need, overall cost, and ease of use.

We have entered into an agreement with Charles Schwab & Co., Inc. ("Schwab") to serve as custodian of record for our clients. Schwab is a FINRA and SIPC member,<sup>4</sup> as well as an SEC-registered broker/dealer. While we recommend that you use Schwab as custodian, you must decide whether to do so, and you will open the account by entering into an account agreement directly with Schwab. We do not technically open the account for you, but we will assist you in doing so. If you do not wish to place your account assets with Schwab, we may be able to manage the account at your preferred custodian depending on that custodian's account trading policies.

We seek to use a custodian who will hold client assets and execute transactions on terms that are overall advantageous when compared to other available providers and their services. Our firm considers a wide range of factors, including, among others, these:

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

When your account is maintained at Schwab, you are typically not charged separately for custody services and Schwab is compensated by charging a commission or other fees on trades that Schwab executes or that settle into a Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of clients' assets in accounts held at Schwab. This commitment benefits our client because overall commission rates are lower than they would be if we had not made the commitment. Schwab Advisor Services™ (formerly called "Schwab Institutional") is Schwab's business serving independent investment advisory firms similar to ours. They provide our firm and its clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available to us on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a certain level of our clients' assets in accounts at Schwab. If we have less than the desired amount of client assets at Schwab, they may charge us quarterly service fees that we pay from our operating account. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of

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<sup>4</sup> Our advisory firm is not, nor required to be, a Securities Investor Protection Corporation (SIPC) member. Clients may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in previous paragraphs generally benefit our clients.

Schwab also makes available to our advisory firm other products and services that benefit us but may not directly benefit each client's account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Schwab also offers other services intended to help us manage and further develop our business enterprise, such as:

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

Schwab may provide some of these services itself. In other cases, they may arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. Some of the noted tools and services made available by Schwab may benefit our advisory firm but may not directly benefit a client account. Certain tools, services or discounts made available to our firm by our custodian benefit our advisory firm but may not directly benefit each client account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve client accounts believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain assets in accounts at our recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution.

It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

### ***Best Execution***

“Best execution” means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian’s transactions represent the best “qualitative execution” while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients’ accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

### ***Directed Brokerage***

Not all investment advisers require their clients to direct brokerage, nor do we think our firm is involved in directed brokerage per industry definition. However, our operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades, whether that is an affiliate of our preferred custodian or another executing broker of our custodian’s choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account’s cash balance.

Client accounts maintained at our custodian are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of the client’s choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

### ***Aggregating Securities Transactions***

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed “blocked” or “batched” orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders, and our firm does not receive additional compensation or remuneration as a result of aggregated transactions.



Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No Action Letter, *SMC Capital, Inc.* (publicly available September 5<sup>th</sup>, 1995) (<https://www.sec.gov/divisions/investment/noaction/smccapital090595.htm>), or similar guidance if the jurisdiction in which the client resides provides such direction. A copy of the referenced No Action Letter will be provided upon request.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. Our clients will be informed, in advance, should trading practices change at any point in the future.

### **Item 13 - Review of Accounts**

#### **Scheduled Reviews**

##### ***Financial Planning Services***

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services, and we recommend that they occur at least on an annual basis whenever practical. Reviews will be conducted by your assigned investment adviser representative and may involve analysis and possible revision of your previous financial plan or investment allocation.

A copy of revised plans or asset allocation reports will be provided to the client upon request. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our current fee rate.

##### ***Investment Supervisory Services***

Investment supervisory services accounts are reviewed on an annual or more frequent basis by assigned internal portfolio manager as well as firm supervisory personnel. Client reviews are completed by your investment adviser representative, and we recommend that they occur on at least an annual basis. A copy of a revised investment guideline or asset allocation reports will be provided to the client upon request.

##### ***Retirement Plan Services***

Periodic plan sponsor reviews are encouraged, and we believe they should occur at least on an annual basis if practical. Reviews will be conducted by your assigned investment adviser representative, and typically involves an analysis and possible revision of previous plan recommendations. We will conduct annual plan participant group review sessions upon plan sponsor request.

#### **Unscheduled Reviews**

##### ***Financial Planning Services***

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment, an inheritance, the birth of a new child, etc.), or should you prefer to change requirements involving your investment account. Non-periodic reviews are generally conducted by your investment adviser representative, which may occur under a new or amended

agreement, and will be assessed at our published rate. A copy of revised plans or asset allocation reports will be provided to the client upon request.

### ***Investment Supervisory Services and Investment Management***

Additional reviews by your portfolio manager and/or firm supervisory personnel may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

### ***Retirement Plan Services***

Plan sponsors should contact our firm for additional reviews when there are material changes to the plan requirements or financial situation. The review is conducted by your investment adviser representative and typically involves an analysis and possible revision of previous plan recommendations. We do not conduct unscheduled participant-level reviews.

### **Client Reports**

Whether you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians, or brokerage companies where your investments are held. We urge you to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear.

Our firm may provide portfolio “snapshots” if we are engaged to provide periodic asset allocation or investment advice. However, we do not provide ongoing performance reporting under our financial planning engagements. For investment supervisory services accounts, our advisory firm may provide written portfolio performance reports, and such reports will be prepared in accordance with appropriate jurisdictional guidance. Clients are urged to carefully review and compare account statements that they have received from their account custodian with any report they may receive from any source if that report contains any type of performance information.

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

#### **Economic Benefit from External Sources and Conflicts of Interest**

As disclosed in Item 12, Wisdom Wealth Strategies receives economic benefit from our custodian in the form of various products and services they make available to the firm and other independent investment advisers that may not be made available to a “retail investor.” As previously stated, there is no direct link between our firm’s participation in their program and the investment advice we may provide to our clients. These benefits include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client’s accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information

- access to mutual funds with no transaction fees and/or select investment managers
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by Schwab benefit our advisory firm but may not directly benefit a client account. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than your interest in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm. As part of our fiduciary duty, our firm endeavors to place the interests of our clients first, without consideration to our own financial interest or the interest of a related person. Our clients should be aware that the receipt of any economic benefit by our firm or its associates in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab for its custody and brokerage services. However, we strive to overcome any implicate bias these benefits might create, and we will avoid recommending services or offer investment advice that is not in your best interest.

#### Advisory Firm Payments for Client Referrals

We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the option to accept or deny such referral or subsequent services.

#### **Item 15 - Custody**

Your assets will be maintained by an unaffiliated, qualified custodian, they are not held by our firm or any associate or our firm. In keeping with this policy involving our client funds or securities, Wisdom Wealth Strategies:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have "constructive custody" of your assets since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of a qualified, unaffiliated custodian maintaining your account assets, via your prior written approval (see Item 5);
- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

Your custodian of record will provide you with your investment account transaction confirmations and account statements, which will include debits and credits as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within their account. Wisdom Wealth Strategies will not create a separate account statement for any client nor serve as the sole recipient of a client account statement.

If you receive periodic reports from our advisory firm that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your custodian of record with any performance report from our firm.

#### **Item 16 - Investment Discretion**

##### ***Investment Supervisory Services***

Wisdom Wealth Strategies generally provides its investment supervisory services on a *discretionary* basis. Discretionary trading authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated investment objectives. This authority will be granted through your execution of our engagement agreement and your custodian's account documents. Note that the custodian will limit our firm's authority within your account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers to not manage client accounts on a *non-discretionary basis*, but we may accommodate such requests on a case-by-case basis. This type of trading authority requires your ongoing prior approval involving the investment and reinvestment of account assets, including portfolio rebalancing. If you find it necessary to require such restrictions, our advisory firm may choose to not serve as your investment adviser, or we may assess the higher fee range due to the additional operational costs involved managing your account. Please note that in light of the requirement for your pre-approval you must make yourself available and keep our firm updated on your contact information so that instructions can be efficiently effected on your behalf. You will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account documents that includes their limited power of attorney form or clause. In addition, non-discretionary accounts are generally unable to be aggregated (see Item 12) and may experience higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

You may amend our account authority by providing our firm revised written instructions. As noted in Item 4, we will allow for reasonable restrictions involving the management of your account. It remains your responsibility to notify us if there is any change in your situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

##### ***Investment Consultation Engagements***

If you ask us to assist you in any trade execution (including account rebalancing) under an investment consultation engagement through our financial planning engagement, such as assisting you with your held-away assets, it will only be accomplished on a non-discretionary basis.

##### ***Retirement Plan Services***

Our firm does not serve as an ERISA retirement plan investment manager. We do not have trading authority within plan participants' self-directed accounts.

#### **Item 17 - Voting Client Securities**

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. If we receive a duplicate copy, we do not normally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf, including accounts that we have discretionary trading authority over; nor do we offer guidance on how to vote proxies. We do not offer guidance involving any

claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. However, we will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

#### **Item 18 - Financial Information**

Our advisory firm will not take physical custody of your assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record), per your prior written agreement.

Engagements with our firm do not require that we collect fees from you of \$500 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.