

# Wealthcare Advisory Partners LLC

## Form ADV Part 2A – Disclosure Brochure

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This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Wealthcare Advisory Partners LLC (“WCAP” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at (804) 644-4711 or by email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

WCAP is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about WCAP to assist you in determining whether to retain the Advisor.

Additional information about WCAP and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 171976.

**Date: October 27, 2023**

## Item 2 – Material Changes

Form ADV 2 is divided into two parts: Part 2A (the "Disclosure Brochure") and Part 2B (the "Brochure Supplement"). The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about Advisory Persons of WCAP.

WCAP believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. WCAP encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- As a result of the TD Ameritrade and Charles Schwab merger, the Advisor now no longer recommends that Clients custody their assets at TD Ameritrade, Inc. Please see Item 12 and Item 14 for additional details.
- The Advisor has amended Item 5.E and Item 10 to reflect that certain advisors of WCAP are dually registered as Registered Representatives with Arkadios Capital, LLC, a non-affiliated broker-dealer.
- The Advisor has amended Item 5.E and Item 10 to reflect that certain advisors of WCAP are no longer dually registered as Registered Representatives with Coastal Equities, Inc., a non-affiliated broker-dealer.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 171976. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (804) 644-4711 or by email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

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## **Item 4 – Advisory Business**

### **A. FIRM INFORMATION**

Wealthcare Advisory Partners LLC (“WCAP” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). WCAP is organized as a limited liability company (“LLC”) under the laws of the state of Delaware. The predecessor to WCAP was founded in June 2014. WCAP is 100% owned by Wealthcare Parent Holdings LLC (which is principally owned by Financeware LLC and VMS Intermediate Inc.). WCAP is operated by Matthew T. Regan (President), Ronald E. Madey (Chief Investment Officer), James J. Krause (Chief Compliance Officer) and Justin DuBruelee (Chief Financial Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by WCAP. For additional information about our ownership structure, please see our Form ADV Part 1A, Schedules A and B.

WCAP offers services through its Advisory Persons. Advisory Persons may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or Client statements. The Client should understand that the businesses are legal entities of the Advisory Person and not of WCAP. The Advisory Persons are under the supervision of WCAP, and the advisory services of Advisory Persons are provided through WCAP. Advisory Persons provide services and charge fees based in accordance with the descriptions detailed in this Disclosure Brochure and the terms of the Client agreement. However, the exact service and fees charged to the Client are dependent upon the Advisory Person that is working with the Client. Advisory Persons are appropriately licensed and authorized to provide advisory services on behalf of WCAP.

### **B. ADVISORY SERVICES OFFERED**

WCAP offers investment advisory services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations and other businesses (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. WCAP’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

WCAP’s mission is to provide sound customized financial advice in the best interest of the Client. For many Clients, the Advisor utilizes a financial advising discipline focused on helping Clients live the one life they have the best way they can. This goals-based financial advisory experience is based upon several U.S. and International patents of Wealthcare Capital Management LLC (“WCM”), a registered investment adviser with the SEC that is affiliated through common ownership. WCM is the first company to provide U.S. and Canadian professional financial advisers and financial institutions with a web-based, goals-based wealth management software product, and also the first to do so with an integrated simulated market return analysis. Depending on their objectives and needs, some Clients have their needs met by WCAP, and some may have third-party managers, as determined by their individual financial situation and investment objectives.

Some WCAP Advisors may offer their Clients the full GDX360® process which is a process that integrates the patented goals-based wealth management approach with a flexible investment approach giving Clients the freedom to invest in a wide variety of investment strategies and asset classes that meet the investment criteria of the Advisor. Based upon a Client’s life goals, investment preferences, and financial resources, an appropriate investment portfolio will be established with the Client that fits the investment criteria within the context of the Client’s financial plan, or other Client investment objectives information.

### Financial Planning and Consulting Services

WCAP will typically provide a variety of financial planning and consulting services to individuals and families, pursuant to a written financial planning or consulting agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives.

Certain WCAP Advisors offer Clients the comprehensive, personalized goals-based financial planning and consulting services, including but not limited to, the GDX360® process. The GDX360® process is generally based on helping Client's progress toward accomplishing the goals they value with confidence while avoiding unnecessary risk to, or needless sacrifice of their lifestyle. Central to the GDX360® process is constantly measuring and proactively managing, in a meaningful way, the Client's progress toward accomplishing their goals. This is done by focusing the Client on the things they control – savings & spending plans, legacy objectives, the degree of risk they take, the design and the cost effectiveness of their investment strategy, and tax efficiency - within the context of understanding the inherent uncertainty of financial markets, which neither the Advisor nor its Clients can control. By focusing the Client on the things Clients can control and balancing a Client's range of goal choices and priorities within the context of uncertain markets, the Advisor enables Clients to maintain a sufficient level of confidence that they can reach their goals. A Client's financial plan is highly likely to change as Client's life events, aspirations, and priorities among goals change and also because of uncertain financial markets.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. WCAP may also refer Clients to an accountant, attorney or another specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a potential conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

### Investment Management Services

WCAP provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and/or non-discretionary investment management and related advisory services. WCAP works with each investment management Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create an investment strategy. WCAP will then design a portfolio with its internal investment strategies, or select from its available models.

WCAP will select its portfolios to meet the needs of each Client. Portfolios may be customized to each Client and may include, but are not limited to, mutual funds and exchange-traded funds ("ETFs"), individual stocks, bonds and alternative investments. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

*Alternative Investments* – As noted above, certain models may include the use of alternative investments when deemed appropriate and in the Client's best interest. Investing directly in hedge funds,

private equity, and/or real estate funds can be difficult for many individuals given due diligence requirements, portfolio construction complexity, large minimum investments which limit an individual's ability to diversify his/her investments, restrictive liquidity terms, and other access limitations. To help offset these potential barriers to entry into these types of investment opportunities, WCAP engages with alternative investment platforms to: (i) provide due diligence resources and services; (ii) facilitate access to managers at lower minimums; and (iii) structure multi-manager private investment solutions that allow WCAP qualified clients to access relatively diversified and carefully constructed pools of institutional-quality alternative investments, including hedge funds and private equity and real asset funds, managed by unaffiliated investment advisers. WCAP structures these opportunities by leveraging third-party platform resources (investment research, risk management, legal and operational due diligence) to supplement its in-house resources.

Through these third-party platforms, WCAP can offer single strategy and multi-strategy investments in a private fund construct, a private fund-of-funds construct, or a custom private multi-strategy portfolio (e.g.: arbitrage; credit; equity long/short; global macro; event driven; private equity; and real estate) using private limited liability companies or limited partnerships that are exempt from registration under federal securities regulations, including the Investment Company Act of 1940 (the "Investment Company Act") and the Securities Act of 1933 (the "Securities Act"). Investment in these alternative investments is limited to persons who are "accredited investors" as defined under the Securities Act and, depending on the fund, "qualified purchasers" as defined in the Investment Company Act. Clients should refer to the private placement memoranda and class supplement documents, as well as the underlying funds' private placement memoranda, for a more complete discussion of these investments.

Delaware Statutory Trusts ("DSTs") – When appropriate Advisors of WCAP will recommend to accredited investor Client's investment in DSTs. Investments in DSTs are billed as assets under management and follow the billing schedule identified in Item 5 and agreed upon by Clients in their advisory agreement.

WCAP's investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. WCAP will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor. WCAP evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. WCAP may recommend, on occasion, redistributing investment allocations to diversify the portfolio. WCAP may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or over-weighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will WCAP accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the agreement. Please see Item 12 – Brokerage Practices.

*Retirement Accounts* – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts ("IRAs"), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA



sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction

*Use of Affiliated Manager* – Under the discretionary authority granted to WCAP, Clients may be referred to utilize the portfolio management services of WCM for all or a portion of the Client’s portfolio. Please see Item 10 for additional information. The Client will be provided with WCM’s Form ADV Part 2A (or a brochure that makes the appropriate disclosures) of those parties.

*Selection of Other Advisor* – Additionally, WCAP may recommend Assetmark, Inc. (“AssetMark”) for investment advisory services. WCAP will receive a portion of the investment advisory fee for the solicitation and referral of the Client to AssetMark, and may assist the Client in completing their Client questionnaire and account opening paperwork. WCAP may also assist in the development of the initial policy recommendations and managing the ongoing Client relationship.

*Use of Independent Managers and Managed Account Programs* - WCAP may also recommend to Clients that all or a portion of their investment portfolio be implemented by utilizing one or more unaffiliated money managers/investment platforms (collectively “Independent Managers”), which are available through the recommended Custodians. The Advisor may also utilize an unaffiliated money manager participating in a turnkey asset management program (“TAMP”).

The Client may be required to enter into a separate agreement with the Independent Manager[s]. In these instances, WCAP serves as the Client’s primary advisor and relationship manager. However, the Independent Manager[s] will assume discretionary authority for the day-to-day investment management of those assets placed in their control. WCAP will assist and advise the Client in establishing investment objectives for their account[s], the selection of the Independent Manager[s], and defining any restrictions on the account[s]. WCAP will continue to provide oversight of the Client’s account[s] and ongoing monitoring of the activities of these unaffiliated parties. The Independent Manager[s] will implement the selected investment strategies based on their investment mandates. The Client may be able to impose reasonable investment restrictions on these accounts, subject to the acceptance of these third parties.

For Client’s whose assets are placed in a TAMP, the Client will enter into a program and investment advisory agreement with the TAMP (the “Program Sponsor”) and the participating money manager[s]. The Advisor will assist and advise the Client in establishing investment objectives for the account[s], the selection of the money manager[s], and defining any restrictions on the account[s] and determining any changes to portfolio strategy. WCAP will provide ongoing oversight of the Client accounts and the activities of the unaffiliated money managers selected to manage the Client’s assets. These money managers will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the Program Sponsor will charge a program fee that includes the investment advisory fee of the money managers, the administration of the program and trading, clearance and settlement costs. The Program Sponsor will add WCAP’s investment advisory fee (described below in Item 5) and will deduct the overall fee from the Client’s account[s], pursuant to the agreement between the Program Sponsor and the Client.

The Client, prior to entering into an agreement with an Independent Manager and/or Program Sponsor, will be provided with the Form ADV Part 2A (or a brochure that makes the appropriate disclosures) of those parties. WCAP does not receive any compensation from these Independent Managers or Investment Platforms, other than WCAP’s investment advisory fee, as described in Item 5.

*Non-Purpose Loans* - The Advisor introduces certain Clients to a non-purpose loan program made available through a Custodian’s banking partner affiliate (“Lending Program”). In such instances, the Client’s assets

in their account[s] at the Custodian will be utilized as collateral for a non-purpose loan. The recommendation of a Lending Program presents a conflict of interest as the Advisor will continue to receive investment advisory fees for managing the collateralized assets in the Client's account[s]. Clients are not obligated to engage the Advisor for the Lending Program. For additional information related to the risks involved non-purpose loans and lines of credit, please see Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

#### Retirement Plan Advisory Services

WCAP provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Due Diligence and Oversight Services (ERISA 3(21))
- Investment Management Services (ERISA 3(38))
- Ongoing Investment Recommendation and Assistance

These services are provided by WCAP serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of WCAP's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **C. WRAP FEE PROGRAM**

For some Clients, WCAP may include the securities transaction fees together with investment advisory fees to provide the Client with a single, bundled fee structure. This combination of fees is typically referred to as a "Wrap Fee Program". WCAP customizes its investment management services for Clients. This Wrap Fee Program Brochure is included as Appendix 1 to this Disclosure Brochure solely to discuss the fees and potential conflicts associated with a bundled fee. Depending on the level of trading required for the Client's account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Please see Appendix 1 – Wrap Fee Program Brochure, which is always included with this Disclosure Brochure.

Additionally, WCAP may recommend the investment strategies of various third-party advisors ("TPAs") to its Clients. The TPA selected may offer a model portfolio that is available as part of a wrap fee program. In such instances, the wrap fee agreement is inclusive of the TPA's fee and custody fees. If a TPA's wrap fee program is selected for a Client's account, the wrap fee program brochure for the TPA's program will be presented to the Client. The wrap fee program brochure will describe the investment strategy as well as the fees and services performed by the program manager.

In some instances, WCAP Advisory Persons have Client relationships which are held at wrap fee sponsors, such as Lockwood, in which a TPA is managing the Client assets. Those relationships generally predate the IAR's affiliation with WCAP and remain as is, if it is deemed to be in the Client's best interests.

#### **D. ASSETS UNDER MANAGEMENT**

As of December 31, 2022, WCAP manages \$3,907,398,739 in Client assets, \$3,740,445,301 of which is on a discretionary basis and \$166,953,438 on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.



## Item 5 – Fees and Compensation

### A. FEES FOR ADVISORY SERVICES

#### Financial Planning and Consulting Services

Project-based financial planning and consulting fees are on an hourly or fixed fee basis. Hourly fees are at a rate ranging from \$150 to \$400 per hour. Fixed fee engagements are offered based on the expected effort and duration at the Advisor's hourly rate. An estimate for total hours and/or costs will be provided to the Client in advance of engaging for these services. Ongoing financial planning and consulting fees range up to \$15,000 which is invoiced in advance of each quarter. Ongoing consulting fees may also be based on the value of the assets being consulted on at the end of the previous calendar quarter. Ongoing asset-based consulting fees range up to 1% of the assets being consulted on, and are paid quarterly in advance of each calendar quarter, pursuant to the terms of the consulting agreement. Fees may be negotiable depending on the nature and complexity of each Client's circumstances and the experience of the personnel providing services. Clients may have their financial planning fee included with the overall investment management fee as described above.

#### Investment Management Services

Investment management fees are generally paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment management agreement. Investment management fees are based on the market value of assets under management at the end of the prior quarter. Investment management fees are at a rate of up to 1.85% based on several factors including the types of investments, size of the Client relationship, reporting requirements, portfolio restrictions and other factors. Fees may be negotiable at the sole discretion of the Advisor. WCAP may offer discounted rates to its employees and their families as well as to institutional and very high net worth Clients with substantial account balances. Additionally, certain Clients may have their fees billed using a different fee methodology, pursuant to the investment management agreement.

The investment management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. All securities held in accounts managed by WCAP will be independently valued by the Custodian. WCAP will conduct periodic reviews of the Custodian's valuations.

*Use of Affiliated Manager* – For Clients referred to WCM, WCAP will deduct the advisory fee from the Client account and a portion of the fee will be provided to WCM.

*Use of Independent Managers* – For Client account[s] implemented through an Independent Manager and/or Program Sponsor, the Client's overall fees will include WCAP's investment advisory fee (as noted above) plus advisory fees and/or platform fees charged by the Independent Manager[s] and/or Program Sponsor, as applicable. The Independent Manager and/or Program Sponsor may assume responsibility for calculating the Client's fees and deduct all fees from the Client's account[s]. In such instances, WCAP's fee will be included and will not charge its fee separately on those assets.

#### Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 1.25% pursuant to the terms of the retirement plan advisory agreement. Fees may be negotiable depending on the size and complexity of the Plan as well as the services to be provided.

### B. FEE BILLING

#### Financial Planning Services

Project-based financial planning fees may be invoiced up to fifty percent (50%) upon execution of the

financial planning agreement, with the balance due upon receipt of the agreed upon deliverable[s]. Ongoing financial planning fees are invoiced quarterly, in advance of each quarter. Clients may also provide written authorization permitting the fees to be paid directly from Client accounts.

#### Investment Management Services

Generally, investment management fees are calculated by the Custodian and deducted from the Client's account[s]. The Client shall instruct the Custodian to automatically deduct the investment management fee from the Client's account[s] for each quarter and pay the investment management fee[s] to the Advisor. The Custodian will utilize the fee rate, as defined in the custodial paperwork, to indicate the fee to be deducted from the Client's account[s] at the respective quarter-end date. In such circumstances, fees may be prorated for capital contributions or withdrawals made into a managed account following the initial establishment of a managed account during the applicable quarter.

In certain instances, investment management fees will be calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter-end date. In such circumstances, fees will not be prorated for capital contributions or withdrawals made into a managed account following the initial establishment of a managed account during the applicable quarter.

When calculated by Advisor, the amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total Client assets under management with WCAP at the end of the previous quarter. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's quarterly statement as the Custodian and Advisor do not assume this responsibility. Clients provide written authorization permitting the Custodian to pay WCAP by direct deduction from their account[s] held by the Custodian as part of the investment management agreement and separate account forms provided by the Custodian.

*Use of Independent Managers* – Client account[s] implemented through Independent Managers and/or Program Sponsors will either be deducted from the Client's account[s] at the Custodian and a portion of the investment advisory fee will be provided to the Independent Manager, or billed in accordance to the separate agreement[s] with the Program Sponsors. In such instances, the Program Sponsor will typically add WCAP's investment advisory fee and deduct the overall fee from the Client's account[s]. In such circumstances, fees may be prorated for capital contributions or withdrawals made into a managed account following the initial establishment of a managed account during the applicable quarter.

#### Retirement Plan Advisory Services

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. OTHER FEES AND EXPENSES**

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. WCAP may include securities transactions costs as part of its overall investment advisory fee through the WCAP Wrap Fee Program. Securities transaction fees for Client-directed trades may be charged back to the Client. Please see Item 4 above as well as Appendix 1 – Wrap Fee Program Brochure.

In addition, all fees paid to WCAP for investment advisory services or part of the WCAP Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest

in these products directly, without the services of WCAP, but would not receive the services provided by WCAP which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by WCAP to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. ADVANCE PAYMENT OF FEES AND TERMINATION**

##### Financial Planning Services

WCAP may be partially compensated for its financial planning services at the start of the engagement. Either party may terminate the financial planning agreement, at any time, by providing written notice to the other party. Upon termination, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate or the percentage completion for a fixed fee engagement. Any unearned, prepaid fees will be promptly refunded. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

##### Investment Management Services

WCAP is generally compensated for its services in advance of the quarter in which investment management services are rendered. Either party may terminate the investment management agreement, at any time, by providing advance written notice to the other party. Upon termination, the Advisor will refund any unearned, prepaid investment management fees from the effective date of termination to the end of the quarter. The Client's investment management agreement with the Advisor is non-transferable without the Client's prior consent.

*Use of Independent Managers* - In the event that a Client should wish to terminate their relationship with an Independent Manager, the Advisor will generally remove the assets from the Independent Manager and either place the assets with a new Independent Manager or manage the assets directly. In certain instances, the terms for termination will be set forth in the respective agreements between the Client and the Program Sponsor. WCAP will assist the Client with the termination and transition as appropriate.

##### Retirement Plan Advisory Services

WCAP may be compensated for its services in advance, before retirement plan advisory services are rendered. Either party may terminate their retirement plan advisory agreement, at any time, by providing advance written notice to the other party. Upon termination, the Client shall be responsible for fees up to and including the effective date of termination. Additionally, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the billing period. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

#### **E. COMPENSATION FOR SALE OF SECURITIES**

WCAP does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

##### Broker-Dealer Affiliation

Certain Advisory Persons of WCAP are also registered representatives of LPL Financial LLC ("LPL Financial"), M.S. Howells & Co. ("M.S. Howells"), or Arkadios Capital LLC ("Arkadios"), securities broker-dealers, and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In one's separate capacity as a registered representative of LPL Financial, M.S. Howells, or Arkadios an Advisory Person implements securities transactions under the broker-dealer and not through WCAP. In such instances, an Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by an Advisory Person in one's capacity as a registered representative is separate and in addition to WCAP's advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to effect

securities transactions for the purpose of generating commissions rather than solely based on the Client. WCAP mitigates this conflict in two ways. First, Clients always have the right to choose whether or not to purchase securities products through an Advisory Person. Second, WCAP will not charge an ongoing investment advisory fee on any assets implemented in the separate capacity of an Advisory Person. Please see Item 10 – Other Financial Industry Activities and Affiliations.

#### Insurance Agency Affiliation

Additionally, certain Advisory Persons are also licensed as independent insurance professionals. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by these persons are separate and in addition to advisory fees. This practice presents a conflict of interest because Advisory Persons who are also insurance agents have an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on a Client's needs. However, to mitigate this conflict, Clients always have the right to choose whether or not to purchase insurance products through any person affiliated with WCAP. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

WCAP does not charge performance-based fees for its investment advisory services. The fees charged by WCAP are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client. WCAP does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

WCAP offers investment advisory services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations and businesses. The Advisor's typical Clients are those who are experienced and comfortable with saving and investing for their retirement and their family's future, board members and/or trustees acting on behalf of the trust for an organization they represent, and employers/business owners looking for an advisory group to assist them in making prudent investment decisions. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor.

WCAP generally does not impose a minimum size for establishing a relationship, but certain investment strategies, TPAs and Independent Managers may require a minimum for effective implementation.

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

### **A. METHODS OF ANALYSIS**

#### Financial Planning Services

Those Clients who utilize WCAP's GDX360® process can expect it to function as follows: it includes the use of simulation analysis of uncertain capital markets to help Clients evaluate the funded status of a Client's financial plan in measurable confidence terms. A Client's Comfort Status, or confidence level is reflected by the percentage of simulations with successful outcomes, that is outcomes the meet or exceed the Client's selected set of goals.

The financial plan analysis is not a projection of future portfolio values because future returns are uncertain. But, it is an analysis of the amount of financial assets a Client needs to hold, at any point in time, to be statistically comfortable of reaching a given set of financial and personal goals, based on the assumptions in the software. The most integral part of the GDX360® process, WCAP IARs discuss with Clients their

goals, needs and wants, and in determining in communications with the Clients that Goals, needs and wants are being met and have not changed.

The unpredictability of future investment returns for a Client's target allocation determines the level of portfolio values a Client needs at a given age, and given their lifetime financial plan, that define a range between over- and under-funded statuses. This range is what we call the Comfort Zone®. WCAP's ongoing advice is used to help direct changes in portfolio risk and a specific Client goal package to stay within the Comfort Zone® throughout their lifetime. **However, the Advisor cannot and does not guarantee to any Client that all possible goals at all aspirational spending levels can be achieved.**

The GDX360® planning software provides the following three methods of analysis when formulating and monitoring a Client's funded status:

**Monte Carlo Simulation** – This simulation method tests an investor's financial strategies against random scenarios of investment returns an investor might encounter during their lifetime based on *The Wealthcare Process's* capital market assumption for each target portfolio. This is the most commonly used method of analysis for most Clients.

**Historical Audit** – This simulation method tests an investor's financial strategies against sequential historical returns using rolling historical monthly return periods since 1926, the number of which may vary based on the number of years in a plan.

**WEALTHSIMULATOR®** - This simulation method tests an investor's financial strategies against actual historical monthly returns since 1926 that have been placed in random order (U.S. patent 7,562,040).

## **B. RISK OF LOSS**

Based upon WCAP's analysis of the Client's financial situation, WCAP recommends an appropriate investment strategy for the Client's accounts, however all investment strategies have a risk of loss. Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. While risk can be, and by common industry practice often is, measured by the degree of unpredictability of a given portfolio's return in any given period, it also includes the possibility of losing some or all of an original investment. Even the most conservative investment strategy is subject to risk. WCAP cannot guarantee a Client will—in all circumstances of changing personal financial goals and market conditions—be able to remain in a Client's "Comfort Zone®", as that term is described in this disclosure document.

***All investment programs carry the risk of loss and there is no guarantee that any recommended investment strategy will meet its objectives.***

All investment strategies inherently expose Clients to various types and varying degrees of risk. These risks are discussed in greater detail below.

- **Market Risks.** The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

- **ETF Risks.** The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.



- **Leveraged ETF Risks.** Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. These ETFs attempt to deliver some multiple of an index's daily returns (positive or negative). Please consider the implications to both the upside and the downside of multipliers. While it may seem that a 2x multiplier is a benefit in an up-market cycle' it is important to remember that the same multiplier applies when the ETF moves against the market. This could potentially result in significant losses, and highlights the additional risk associated with Leveraged ETFs.
- **Delaware Statutory Trusts (“DSTs”).** Investing in a DST can provide Clients with the potential benefits of recurring monthly income, asset appreciation, and 1031 exchange eligibility. DSTs also carry real estate and market risk when investing in these alternative investments. DSTs can also be illiquid, have increased cost, potential loss in value, potential for foreclosure on a property, reduction or elimination of monthly distributions, and lack of control over the property.
- **Interval Mutual Funds / Liquidity Risk.** Clients invested in an interval mutual funds should be aware of the illiquidity of holding such a mutual fund. Liquidity for fund shares is generally provided through a repurchase offer with a frequency disclosed in the fund's prospectus. An example of such a repurchase offer might be 5% of the fund's shares on a quarterly basis. This agreement does not guarantee that a Client will be able to sell all the shares that the Client desires to sell in the offer. There is currently no secondary market for the shares of these funds.
- **Mutual Fund Risks.** The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.
- **Alternative Investments (Limited Partnerships).** The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. If alternative investments are used, Client should only have a portion of their assets in these investments.
- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Derivatives Risk.** Investments in futures and options are considered “derivative” investments. A small investment in derivatives could have a potentially large impact on performance. The use of derivatives involves risks different from or possibly greater than the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value. There is the risk that the hedging technique will fail if changes in the value of a derivative held do not correlate with the portfolio securities being hedged.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government



regulation. Changes in zoning, tax structure or laws impact the return on these investments.

- **Risks Related to Investment Term.** If a Client requires a liquidation of their portfolio during a period in which the price of the security is low, the Client may not realize as much value as they might have had the investment had the opportunity to regain its value, as investments frequently do, or had it been able to be reinvested in another security.

- **Purchasing Power Risk.** Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Business risks are risks associated with a particular industry or a particular company within an industry. For example, oil- drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They likely carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.

- **Financial Risk.** Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases the risk of profitability, because the 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.

- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

- **Non-Purpose Loans.** Non-purpose loans carry a number of risks, including but not limited to the risk of a market downturn, tax implications if collateralized securities are liquidated, and an increase in interest rates. A decline in the market value of collateralized securities held in the account[s] at the Custodian, may result in a reduction in the draw amount of the Client's line of credit, a demand from the Lending Program that the Client deposit additional funds or securities in the Client's collateral account[s], or a forced sale of securities in the Client's collateral account[s].

## **Item 9 – Disciplinary Information**

WCAP does not have any legal, financial or other material “disciplinary” item to report. WCAP is obligated to disclose any disciplinary event that would be material to a Client or perspective client when evaluating to initiate a Client/Advisor relationship, or to continue a Client /Advisor relationship with WCAP. This statement applies to WCAP and all employees and independent contractors registered with WCAP.

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

### Broker-Dealer Affiliation

As mentioned in Item 5.E above, certain Advisory Persons are also a registered representative of LPL

Financial, M.S. Howells, or Arkadios. In their separate capacity as registered representatives, Advisory Persons will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a registered representative.

#### Transitional Investment Advisor Affiliation

On a temporary basis, certain Advisory Persons of WCAP also serve as Investment Advisor Representatives of a non-affiliated Registered Investment Advisor ("RIA"). As a financial advisor of a non-affiliated RIA, the Advisory Person will receive investment advisory fees for investment management services offered. At no time will the Advisory Person or the Advisor earn both ongoing investment advisory fees under the Advisor and ongoing investment advisory fees through the non-affiliated RIA on the same investment assets.

#### Investment Advisor Affiliation

Certain Advisory Persons are Investment Advisor Representatives ("IARs") of LPL Financial LLC (CRD# 6413). As a financial advisor with LPL, the Advisory Person will receive investment advisory fees for investment management services offered. The Advisory Person will provide each Client with LPL's Form ADV 2A or equivalent disclosure brochure, in advance of providing investment management services. At no time will the Advisory Person or the Advisor earn both ongoing investment advisory fees under the Advisor and ongoing investment advisory fees through LPL on the same investment assets.

#### Insurance Agency Affiliation

As mentioned in Item 5.E above, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with WCAP. As an insurance professional, an Advisory Person receives customary commissions and other related revenues from the various insurance companies whose products are sold. An Advisory Person is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Advisory Persons or the Advisor.

#### Wealthcare Capital Management LLC

The Advisor is affiliated, through common control, with WCM, a registered investment advisor with the SEC. In certain circumstances, WCAP may select WCM to act as sub-advisor for the provision of advisory services. WCM may provide financial planning, investment advisory and certain portfolio management services to WCAP. This poses a conflict of interest as owners may benefit from additional revenues generated. Additionally, certain Advisory Persons of WCAP, in their individual capacity, are also Advisory Persons of WCM. In their separate capacity they may recommend, on a fully disclosed basis, the investment advisory services of WCM. A conflict of interest exists to the extent that Advisory Persons recommend the services of WCM to Clients of WCAP. Clients of WCAP are under no obligation to accept the recommendations of WCAP to engage with WCM for services.

Additionally, WCAP has engaged WCM to perform certain corporate and administrative functions, including administering payroll to certain supervised persons.

#### DPL Financial Partners, LLC

DPL Financial Partners, LLC ("DPL") is a third-party provider of a platform of insurance consultancy services to Clients with a current or future need for insurance products. DPL offers WCAP a membership to its platform for a fixed annual fee and, through its licensed insurance agents who are also registered representatives of The Leaders Group, Inc. ("The Leaders Group"), an unaffiliated SEC-registered broker-dealer and FINRA member, offers WCAP a variety of services relating to fee-based insurance products. These services include, among others, providing WCAP with analyses of their current methodology for

evaluating client insurance needs, educating and acting as a resource to members regarding insurance products generally and specific insurance products owned by their clients or that their clients are considering purchasing, and providing members access to and product marketing support regarding fee-based products that insurers have agreed to offer to Clients through DPL's platform. For providing platform services to WCAP, DPL receives service fees from the insurers that offer their fee-based products through the platform. These service fees are based on the insurance premiums received by the insurers.

DPL is licensed as an insurance producer in Kentucky and other jurisdictions where required to perform the platform services. Its representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group.

#### Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation, nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

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

WCAP has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with WCAP (herein "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. WCAP and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of WCAP Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

WCAP's Code provides for (1) a high ethical standard of conduct; (2) compliance with all federal securities laws; and (3) policies and procedures for the reporting of certain personal securities transactions on a quarterly basis as well as upon hire and annually for all WCAP's professionals and employees. The Chief Compliance Officer of WCAP reviews on a test basis employee trades periodically. The Chief Compliance Officer's trades are reviewed by the President of WCAP or a designee. These reviews help ensure that the personal trading of employees complies with WCAP's Code.

WCAP allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. WCAP does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. It is generally WCAP's policy that WCAP and its Supervised Persons do not have a material interest, based on the total market capitalization, in any securities traded in Client accounts. It should be noted that some Supervised Persons of WCAP are considered Clients of the Firm or of WCM and will have the ability to participate in many of the same model portfolios that are available to Clients. The Advisor does not feel this presents a conflict of interest because the minimal exposure that WCAP's overall ownership of these securities (through Client and employee accounts) would not have a significant impact on their pricing given the large capitalization and market liquidity of the securities recommended.

A copy of WCAP's Code is available to WCAP's advisory Clients upon written request to Compliance Staff at WCAP's principal office address or by email request to the WCAP Chief Compliance Officer at [sdiberardino@wealthcarecapital.com](mailto:sdiberardino@wealthcarecapital.com).

## Item 12 - Brokerage Practices

### A. RECOMMENDATION OF CUSTODIAN[S]

WCAP does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize WCAP to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, WCAP does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where WCAP does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. As Advisory Persons are also registered representatives of LPL Financial, WCAP and its Advisory Persons may be limited in the Custodian[s] in which they can recommend to Clients. Typically, WCAP will recommend that Clients establish their accounts at LPL Financial, where WCAP has access to LPL Financial's systems, back office support, research and other benefits. While WCAP receives these economic benefits from LPL Financial, the Advisor believes LPL Financial provides quality execution and related services for the Advisor's Clients at competitive prices. Price is not the sole factor WCAP considers in evaluating best execution and the recommendation of the Custodian. WCAP also considers the quality of the brokerage services provided by LPL Financial, including the firm's reputation, execution capabilities, commission rates, and responsiveness to the Advisor's Clients and the firm. Clients are free to use whatever broker-dealer/custodian they choose to implement financial planning recommendations. For investment advisory services, WCAP would be required to obtain permission to use a broker-dealer or custodian other than LPL Financial due to the oversight role LPL Financial assumes over the Advisory Persons. Please see Item 14 below.

Clients should also be aware that for accounts where LPL Financial serves as the Custodian, WCAP is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers/custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial. Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of WCAP and its Advisory Persons that are registered representatives that are conducted through broker-dealers/custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers/custodians. This arrangement presents a conflict of interest because WCAP has a financial incentive to recommend that Clients maintain their accounts with LPL Financial rather than with another broker-dealer/custodian to avoid incurring the oversight fee.

WCAP may also recommend that Clients establish accounts at Pershing LLC ("Pershing"), Charles Schwab & Co., Inc. ("Schwab"), and/or Fidelity Clearing & Custody Solutions, a related entity of Fidelity Investments, Inc. (collectively "Fidelity"). Pershing, Schwab and Fidelity are independent and unaffiliated SEC-registered broker-dealers and members FINRA/SIPC. Pershing, Schwab and Fidelity offer to independent investment Advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. The Advisor receives some benefits from Pershing, Schwab and Fidelity through its participation in the program. Please see the disclosure under Item 14 below.

***I. Soft Dollars*** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker-dealer/custodian in exchange for research and other services. **WCAP does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor may receive certain economic benefits from the Custodians. Please see Item 14 below.**

### Transition Assistance Benefits

LPL Financial may provide various benefits and payments to Advisory Persons that are also registered representatives and new to the LPL Financial platform to assist the Advisory Person with the cost (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as “Transition Assistance”). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Advisory Person’s business, satisfying any outstanding debt owed to the Advisory Person’s prior firm, offsetting account transfer fees (ACATs) payable to prior custodian as a result of the Advisory Person’s Clients transitioning to LPL Financial’s custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Advisory Person at their prior firm. Such payments are generally based on the size of the Advisory Person’s business established at his/her prior firm and/or assets under custody on the LPL Financial platform. Please refer to the relevant Part 2B (“Brochure Supplement”) for more information about the specific Transition Payments an Advisory Person receives.

The receipt of Transition Assistance by Advisory Persons creates conflicts of interest relating to WCAP’s advisory business because it creates a financial incentive for WCAP’s representatives to recommend that its Clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on an Advisory Person maintaining its Clients’ assets with LPL Financial and therefore WCAP has an incentive to recommend that Clients maintain their account with LPL Financial in order to generate such benefits.

WCAP attempts to mitigate these conflicts of interest by evaluating and recommending that Clients use LPL Financial’s services based on the benefits that such services provide to Clients, rather than the Transition Assistance earned by any particular Advisory Person. WCAP considers LPL Financial’s best execution when recommending that Clients maintain accounts with LPL Financial. However, Clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at LPL Financial.

*2. Brokerage Referrals* - WCAP does not receive any compensation from any third party in connection with the recommendation for establishing an account.

*3. Directed Brokerage* - All Clients are serviced on a “directed brokerage basis”, where WCAP will place trades within the established account[s] at the Custodian designated by the Client, unless otherwise instructed. Further, all Client accounts are traded within their respective account[s] at the Custodian. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). WCAP will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

## **B. TRADE AGGREGATION**

Transactions for each Client account generally will be executed independently unless the Firm decides to purchase or sell the same securities for several Clients at approximately the same time. WCAP may, but is not obligated to, combine or “batch” such orders in an effort to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among its Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and transaction costs and will be allocated among WCAP Clients in proportion to the purchase and sale orders placed for each Client account at the same time. If WCAP cannot obtain execution of all the combined orders at prices or for transactions costs that it



believes are desirable, the Firm will allocate the securities that it does buy or sell as part of the combined orders by following WCAP order allocation procedures.

## **Item 13 – Review of Accounts**

### **RECONCILIATION OF CLIENT ACCOUNTS**

All active WCAP Client accounts are reconciled to their most recent month-end custodial statement before the end of the next calendar month by Portfolio Operations, administered by WCM. Portfolio Operations is supervised by the department head. In most cases, where an electronic reconciliation link has been established between the custodian and the portfolio accounting system, the accounts are reconciled on a daily basis. Whenever valuation information differs between the Custodian's records and the Advisor's accounting system's records, the differences are investigated and resolved.

### **FINANCIAL PLAN REVIEW**

For Clients receiving ongoing financial planning services, each Client's Advisory Person will initiate a review and update the Client's financial plan on at least an annual basis for changes in the Client's financial situation and plan objectives. Additional reviews may be initiated for several reasons including 1) due to changes in a Client's priorities, 2) upon demand by the Client, 3) whenever the Adviser considers a plan update and review is in the Client's best interest, 4) should there be a material change in circumstances for the Client or 5) should the Client's financial plan fall materially outside its Comfort Zone®.

### **REGULAR REPORTS**

For Clients receiving financial planning services, method and frequency of the delivery of status reports vary by advisor or Client preference. They may be delivered in person, in physical or virtual Client meeting, via regular mail or via secure online or electronic delivery. Status reports generated utilizing the GDX360® platform typically include information on portfolio holdings, Client goals, values, and the funded Comfort Zone® status of the Client's financial plan. Each report will contain an offer to the Client to request and receive WCAP's most current Form ADV Part 2A which includes the firm's privacy policy. The Status Reports are prepared solely for information purposes only and are not an official record of Client's accounts.

Clients will receive monthly statements from the Custodian for each household account held by the custodian. If the Client's account has no activity, the Custodian, at a minimum, will provide a quarterly statement. The custodian's statement will include information about the assets held in the account, the current value of each asset as well as reflect the deduction of any fees from the Client's account. Clients are encouraged to review their statements for discrepancies.

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

### **A. COMPENSATION RECEIVED BY WCAP**

#### AssetMark

Under AssetMark's business development allowance program, WCAP may receive a quarterly business development allowance for reimbursement of qualified marketing and practice development expenses incurred by the Advisory Person. These amounts vary depending on the value of the assets on the AssetMark Platform held by Clients of the Advisor.

#### Forgivable Transition notes

WCAP Financial provides forgivable transition notes to Advisory Persons based on the expected transfer Client assets onto the WCAP platform. However, the receipt of forgivable transition notes creates conflicts of interest relating to advisory business because it creates a financial incentive for Advisory Persons to recommend that its Clients transition their accounts to the WCAP platform. However, clients should be aware of this conflict and take it into consideration in making a decision whether to transition Client assets



onto the WCAP platform.

#### Participation in Institutional Advisor Platform - LPL Financial

WCAP has established an institutional relationship with LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support as part of its relationship with LPL Financial. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from LPL Financial: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

Advisory Persons who are also licensed with LPL Financial as a registered representative are incented to join and remain affiliated with LPL Financial and to recommend that Clients establish accounts with LPL Financial through the provision of Transition Assistance, as discussed in Item 12 above. LPL Financial also provides other compensation to WCAP and its Advisory Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for an Advisory Person to recommend LPL Financial as Custodian for the assets in Client accounts. The Advisor encourage Clients to discuss any such conflicts of interest with Advisory Persons before making a decision to custody assets at LPL Financial.

#### Participation in Institutional Advisor Platform – Fidelity, Pershing

The Advisor has established an institutional relationship with Pershing and Fidelity to assist the Advisor in managing Client account[s]. Access to the Custodian's Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at the Custodian. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from the Custodians: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

#### Participation in Institutional Advisor Platform - Schwab

WCAP has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like WCAP. As a registered investment advisor participating on the Schwab Advisor Services platform, WCAP receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however,

that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments and, in some cases, Schwab may waive trade ticket charges.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back-office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its Clients, but may not directly benefit all Clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services to WCAP that may not benefit the Client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a conflict of interest. WCAP believes, however, that for Client who open Schwab account, the selection of Schwab as Custodian is in the best interests of its Clients.

*Additional Benefits* – On November 30, 2020 WCAP has entered into a formal agreement with Schwab Advisor Services with regard to the reimbursement of Transfer of Account Exit Fees ("Exit Fees") up to a value of \$94,000, and in any event not to exceed the actual dollar amount of Exit Fees charged by your clients' former custodian(s). To be eligible for this offer, WCAP client accounts must transfer to Schwab within 12 months from the date this agreement is signed. The offered funds will be used to offset the fees charged to WCAP clients' accounts by their former custodian when WCAP clients transfer their accounts to Schwab. The reimbursement of Exit Fees will be deposited directly into WCAP clients' accounts.

## **B. COMPENSATION FOR CLIENT REFERRALS**

Certain Clients may be referred to the Advisor by either an affiliated or unaffiliated party (herein "Promoter") and receive, directly or indirectly, compensation for the Client referral. In such instances, the Advisor will compensate the Promoter a fee in accordance with Rule 206(4)-1 of the Advisers Act and any corresponding state securities requirements. Any such compensation shall be paid solely from the investment advisory fees earned by the Advisor, and shall not result in any additional charge to the Client.

## **Item 15 - Custody**

WCAP does not accept or maintain custody of any Client accounts, except for in certain circumstances, the authorized deduction of the Advisor's fee and certain money movement authority as described below. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct WCAP to utilize the Custodian for the Client's security transactions. WCAP encourages Clients to review statements provided by the Custodian. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements in these cases, the

Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

## **Item 16 - Investment Discretion**

WCAP receives discretionary authority from most of its Clients at the outset of an advisory relationship to select the types of securities and model portfolios as well as the allocation of those securities in a Client's account(s). This is documented normally via a Client's execution of the advisory agreement between the Client and WCAP. Additionally, the Custodian may require the Client to execute a limited power of attorney ("LPOA") when opening or turning over the custodial account to WCAP's discretionary management. The LPOA will grant WCAP the authority 1) to trade securities on the Client's behalf in the account, 2) to authorize the disbursement of WCAP's quarterly investment advisory fee and 3) to authorize WCAP to instruct the custodian to disburse a check or money electronic transfers from the Client's custodial account to their address of record or, with additional paperwork signed by the Client, to a bank account registered in the Client's name.

The Client can provide WCAP restrictions as to the degree of discretion the Firm has in trading one or more of the Client's investment accounts or specific investment securities. If planning services are included, the Client's financial plan is used to determine the Client's targeted investment allocation which WCAP monitors. If WCM is engaged for investment management services, it generally maintains the allocation at the combined household versus individual account level.

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

WCAP does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 - Financial Information**

Advisors are required in this Item to provide certain financial information or disclosures about their financial condition. WCAP has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because WCAP 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 six months or more in advance.

# Wealthcare Advisory Partners LLC

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## **Form ADV Part 2A – Appendix 1 ("Wrap Fee Program Brochure")**

This Form ADV2A - Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices for Wealthcare Advisory Partners LLC ("WCAP" or the "Advisor") services when offering services pursuant to a wrap program. This Wrap Fee Program Brochure shall always be accompanied by the WCAP Disclosure Brochure, which provides complete details on the business practices of the Advisor. If you did not receive the complete WCAP Disclosure Brochure or you have any questions about the contents of this Wrap Fee Program Brochure or the WCAP Disclosure Brochure, please contact the Advisor at (804) 644-4711 or by email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

WCAP is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Program Brochure provides information about WCAP to assist you in determining whether to retain the Advisor.

Additional information about WCAP and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 171976.

**Date: October 27, 2023**

## Item 2 – Material Changes

Form ADV 2 - Appendix 1 provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Program Brochure discusses the wrap fee program offered by the Advisor.

### Material Changes

There have been no material changes made to this Wrap Fee Program Brochure since the last filing and distribution to Clients:

### Future Changes

From time to time, the Advisor may amend this Wrap Fee Program Brochure to reflect changes in business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Program Brochure (along with the complete WCAP Disclosure Brochure) or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of WCAP.

At any time, you may view this Wrap Fee Program Brochure and the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 171976. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (804) 644-4711 or by email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

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## **Item 4 – Advisory Business**

### **SERVICES**

WCAP provides customized investment management services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the WCAP Form ADV 2A (“Disclosure Brochure”). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting WCAP as your investment advisor.

If an account is opened with a wrap fee program structure, investment advisory fees will be inclusive of normal securities transaction fees as part of the overall investment advisory fee. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”. The Advisor sponsors the WCAP Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of securities transaction fees into the single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the WCAP Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. Please see Item 4 – Advisory Services of the Disclosure Brochure for details on WCAP’s investment philosophy and related services.

### **PROGRAM COSTS**

Advisory services provided by WCAP are offered in a Wrap Fee Program structure whereby normal securities transaction costs are included in the overall investment advisory fee paid to WCAP. As the level of trading in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account[s]. A Wrap Fee Program structure has a conflict of interest as the Advisor has an incentive to limit the number of trades placed in the Client’s account[s] or to utilize securities that do not have transaction fees. Certain of the Advisor’s recommended Custodians do not charge securities transaction fees for exchange traded fund (“ETF”) and equity trades in Client accounts, but do charge for mutual funds and other types of investments. As such, the Advisor is incentivized to utilize ETFs and other equity securities to limit the overall cost to the Advisor. The Advisor will only place Client assets into a Wrap Fee Program when it is believed to be in the Client’s best interest. Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.

### **FEES**

Investment management fees are typically paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment management agreement, custodial agreement or third party manager agreement. Investment management fees are based on the market value of assets under management at the end of the prior quarter. Investment management fees are at a rate of up to 1.85% based on several factors including the types of investments, size of the Client relationship, reporting requirements, portfolio restrictions and other factors. Fees may be negotiable at the sole discretion of the Advisor. WCAP may offer discounted rates to its employees and their families as well as to institutional and very high net worth Clients with substantial account balances.

The investment management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. The Client’s fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by WCAP will be independently valued by the Custodian. WCAP will not have the authority or responsibility to value portfolio securities.



Generally, investment management fees are calculated by the Custodian and deducted from the Client's account[s]. The Client shall instruct the Custodian to automatically deduct the investment management fee from the Client's account[s] for each quarter and pay the investment management fee[s] to the Advisor. The Custodian will utilize the fee rate, as defined in the custodial paperwork, to indicate the fee to be deducted from the Client's account[s] at the respective quarter-end date. In such circumstances, fees may be prorated for capital contributions or withdrawals made into a managed account following the initial establishment of a managed account during the applicable quarter.

In certain instances, investment management fees will be calculated by the Advisor, its delegate or an Independent Manager and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter-end date. In such circumstances, fees will not be prorated for capital contributions or withdrawals made into a managed account following the initial establishment of a managed account during the applicable quarter.

When calculated by Advisor, the amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with WCAP at the end of the previous quarter. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's quarterly statement as the Custodian and Advisor do not assume this responsibility. Clients provide written authorization permitting the Custodian to pay WCAP by direct deduction from their account[s] held by the Custodian as part of the investment management agreement and separate account forms provided by the Custodian.

As noted above, the Wrap Fee Program includes normal securities trading costs incurred in connection with the discretionary investment management services provided by WCAP. Securities transaction fees for Client-directed trades may be charged back to the Client.

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. Under this Wrap Fee Program, WCAP includes securities transactions costs as part of its overall investment advisory fee.

WCAP will select investments in both mutual funds and ETFs. WCAP selects mutual fund share classes on a fund-by-fund basis and seeks to eliminate 12b-1 fees where possible. This practice presents a conflict of interest; however, WCAP will seek to use non-retail or institutional classes where these share classes are available. Additionally, WCAP will seek to select the lowest cost share class available that aligns the stated program account minimum and allocation weighting of funds held with the fund's prospectus requirements. Due to specific custodial or mutual fund company constraints, there may be situations where a specific share class is not consistently available. In those cases, Clients will be invested in the lowest cost share class that is commonly available.

In addition, all fees paid to WCAP for investment management services or part of the Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. The Client may also incur other costs assessed by the Custodian or other parties for account related activity fees, such as wire transfer fees, fees for trades executed away from the Custodian and other fees. The Advisor does not control nor share in these fees. The Client should review both the fees charged by the fund[s] and the fees charged by WCAP to fully understand the total fees to be paid. Please see Item 5.C – Other Fees and Expenses of the Disclosure Brochure.

## **COMPENSATION**

WCAP is the sponsor and may be the portfolio manager of this Wrap Fee Program. WCAP receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Custodian for the costs associated with the normal trading activity in the Client's account[s].

## **Item 5 – Account Requirements and Types of Clients**

WCAP offers investment advisory services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations and businesses. WCAP generally does not impose a minimum size for establishing a relationship. Please see Item 7 – Types of Clients of the Disclosure Brochure for additional information.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **PORTFOLIO MANAGER SELECTION**

WCAP serves as sponsor for the services under this Wrap Fee Program. Either WCAP or Wealthcare Capital Management LLC ("WCM"), an affiliated registered investment advisor will serve as portfolio manager of selected accounts within the Wrap Fee Program.

### **RELATED PERSONS**

Either WCAP or WCM personnel will serve as portfolio manager of selected accounts within the Wrap Fee Program.

### **PERFORMANCE BASED FEES**

WCAP does not charge performance-based fees.

### **SUPERVISED PERSONS**

WCAP Advisory Persons may serve as portfolio managers for all accounts, including the services described in this Wrap Fee Program Brochure. Details of the advisory services provided are included in Item 4 – Advisory Services of the Disclosure Brochure.

### **METHODS OF ANALYSIS**

Please see Item 8.A – Methods of Analysis of the Disclosure Brochure for details on the research and analysis methods employed by the Advisor.

### **RISK OF LOSS**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. WCAP will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. Please see Item 8.B – Risk of Loss of the Disclosure Brochure for details on investment risks.

### **PROXY VOTING**

WCAP does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 7 – Client Information Provided to Portfolio Managers**

WCAP is the sponsor and may be the portfolio manager for the Program. Additionally, for selected accounts within the program, WCM may serve as portfolio manager. Client information is shared with WCM in both its capacity as portfolio manager of the selected accounts for this Wrap Fee Program and in services as described within Item 4 – Advisory Services of the Disclosure Brochure. Please also see the WCAP Privacy Policy.

## **Item 8 – Client Contact with Portfolio Managers**

WCAP is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at WCAP.

## **Item 9 – Additional Information**

### **DISCIPLINARY INFORMATION**

WCAP values the trust Clients place in the Advisor. The Advisor encourage Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 171976. Please see Item 9 – Disciplinary Information of the WCAP Disclosure Brochure as well as Item 3 – Disciplinary Information of each Advisory Person’s Brochure Supplement for additional information on how to research the background of the Advisor and its Advisory Persons.

### **OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

Please see Item 10 – Other Financial Industry Activities and Affiliations and Item 14 – Other Compensation and Client Referrals of the Disclosure Brochure.

### **CODE OF ETHICS**

WCAP has implemented a Code of Ethics that defines the Advisor’s fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to WCAP’s compliance program (“Supervised Persons”). Complete details on the WCAP Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading of the Disclosure Brochure.

### **REVIEW OF ACCOUNTS**

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of WCAP under the supervision of the Chief Compliance Officer (“CCO”). Details of the review policies and practices are provided in Item 13 – Review of Accounts of the Disclosure Brochure.

## OTHER COMPENSATION

*Use of Independent Managers* - The Advisor may be indirectly compensated by an Independent Manager as described in Item 5 – Fees and Compensation of the Disclosure Brochure and does not receive any other forms of compensation with such arrangements.

*Participation in Institutional Advisor Platform (LPL Financial)* - WCAP has established institutional relationship with LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support as part of its relationship with LPL Financial. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from LPL Financial: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

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

*Participation in Institutional Advisor Platform (Fidelity, Pershing)* - The Advisor has established an institutional relationship with Pershing and Fidelity to assist the Advisor in managing Client account[s]. Access to the Custodian's Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at the Custodian. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may

influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Participation in Institutional Advisor Platform (Schwab)* - WCAP has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like WCAP. As a registered investment advisor participating on the Schwab Advisor Services platform, WCAP receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments and in some cases Schwab may waive trade ticket charges.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its Clients, but may not directly benefit all Clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services to WCAP that may not benefit the Client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a conflict of interest. WCAP believes, however, that for Client who open Schwab account, the selection of Schwab as Custodian is in the best interests of its Clients.

*Additional Benefits* – On November 30, 2020 WCAP has entered into a formal agreement with Schwab Advisor Services with regard to the reimbursement of Transfer of Account Exit Fees ("Exit Fees") up to a value of \$94,000, and in any event not to exceed the actual dollar amount of Exit Fees charged by your clients' former custodian(s). To be eligible for this offer, WCAP client accounts must transfer to Schwab within 12 months from the date this agreement is signed. The offered funds will be used to offset the fees charged to WCAP clients' accounts by their former custodian when WCAP clients transfer their accounts to Schwab. The reimbursement of Exit Fees will be deposited directly into WCAP clients' accounts.

Please see Item 14 – Other Compensation of the Disclosure Brochure for details on additional compensation that may be received by WCAP and/or its Advisory Persons. Each Advisory Person's Brochure Supplement provides details on any outside business activities and the associated compensation.

## **COMPENSATION FOR CLIENT REFERRALS**

Certain Clients may be referred to the Advisor by either an affiliated or unaffiliated party (herein "Promoter") and receive, directly or indirectly, compensation for the Client referral. In such instances,

the Advisor will compensate the Promoter a fee in accordance with Rule 206(4)-1 of the Advisers Act and any corresponding state securities requirements. Any such compensation shall be paid solely from the investment advisory fees earned by the Advisor, and shall not result in any additional charge to the Client.

## **FINANCIAL INFORMATION**

Advisors are required in this Item to provide certain financial information or disclosures about their financial condition. WCAP has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding. WCAP is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 – Financial Information of the Disclosure Brochure.