



## Client Relationship Summary Wealthcare Advisory Partners LLC (CRD# 171976)

Our firm, Wealthcare Advisory Partners LLC, is registered as an investment adviser with the U.S. Securities and Exchange Commission. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### Relationships and Services

#### What investment services and advice can you provide me?

**Services:** We offer investment advisory services to retail investors. These services include wealth management, which consists of combined investment management and financial planning. Investment management and financial planning are also offered on a standalone basis. Our services can be offered as a wrap fee program where we combine securities transaction fees and other fees and expenses with our investment advisory services. We work closely with you to identify your investment goals and objectives, as well as risk tolerance and financial situation in order to develop an investment approach.

**Accounts, Investments, and Monitoring:** We provide services to individual, joint, retirement, trust and estate accounts. We primarily use mutual funds, exchange-traded funds, stocks, bonds, independent and affiliated managers and alternative investments in constructing portfolios. We do not make available or offer advice with respect to only proprietary products or a limited menu of products or types of investments. As part of our services, we monitor portfolios and securities in accounts on a regular and continuous basis. We also meet with you at least annually, or more frequently, depending on your needs.

**Investment Authority:** We provide our services on a perpetual and discretionary basis. We execute investment recommendations in accordance with your investment objectives without your prior approval of each specific transaction. Our engagement will continue until you notify us otherwise in writing. We also offer our services on a non-discretionary basis, which means we are required to obtain your consent prior to executing any trades in your accounts. Therefore, you will make the ultimate decision regarding the purchase or sale of investments in your accounts. However, we may not be able to aggregate your order with other client orders under this type of authority and therefore you may not receive the same price as other clients.

**Account Minimums & Other Requirements:** We do not require an account or relationship size minimum in order for you to open/maintain an account or establish a relationship.

**Additional Information:** For more detailed information on our relationships and services, please see Item 4 – Advisory Services, Item 13 – Review of Accounts and Item 7 – Types of Clients of our Form ADV Part 2A available via our firm's [Investment Adviser Public Disclosure Page](#)

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

### Fees, Costs, Conflicts, and Standard of Conduct

#### What fees will I pay?

**Asset-Based Fees:** Our asset-based fees for wealth management and investment management range up to 1.85% annually. This fee is collected on a quarterly basis and calculated as a percentage of the value of the cash and investments in your account[s] that we manage. This presents a conflict of interest as we are financially incentivized to encourage you to place more assets in your advisory account as you will pay more in advisory fees. If you are engaged in our wrap fee program, asset-based fees will include most securities transaction fees and fees to a broker-dealer or bank that has custody of your assets, and therefore you will have a higher asset-based advisory fee.

**Hourly Fees:** Our hourly fees for financial planning are at a rate ranging from \$150 to \$400 per hour. We collect fees in up to two separate installments. Hourly fees are negotiable based on the nature and complexity of the services to be provided and the overall relationship with us. We provide you with an estimate for total hours and overall costs prior to engaging us for these services.

**Fixed Fees:** Our fixed project-based fees for financial planning are based on the expected number of hours to complete the engagement at our hourly rate described above. We collect fees in up to two separate installments. Ongoing fixed fees are up to \$15,000 per year. We collect ongoing fees on a quarterly basis. Fixed fees are negotiable based on the nature and complexity of the services to be provided and the overall relationship with us. We provide you with an estimate of the total cost prior to engaging us for these services.

**Other Fees & Costs:** In addition to our advisory fee, you will also be responsible for third party manager fees, custody fees, account administrative fees, fees and expenses related to mutual funds and exchange-traded funds and applicable securities transaction fees. If you are in our wrap fee program, applicable securities transaction fees will be included in our advisory fees.

**Additional Information: You will pay fees and costs whether you make or lose money on your investments.** Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more detailed information on our fees, please see Item 5 – Fees and Compensation of our Form ADV Part 2A available via our [Investment Adviser Public Disclosure Page](#)

**Conversation Starters:** *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

### What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

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

Some of our financial professionals are registered representatives of LPL Financial LLC (“LPL”), an SEC registered broker-dealer and investment adviser. Your financial professional may offer you brokerage services through LPL or investment advisory services through us. Brokerage services and investment advisory services are different, and the fees we, and LPL, charge for those services are different. It is important that you understand the differences. In particular, your financial professional may earn additional transaction-based compensation and have additional conflicts of interest as a result of providing brokerage services through LPL. You are encouraged to learn more about LPL by reviewing <https://www.lpl.com/disclosures.html> and having a discussion with your financial professional. You can also access free and simple tools to help you research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

**Additional Information:** For more detailed information, please see Item 10 – Financial Industry Activities and Affiliations, Item 12 – Brokerage Practices and Item 14 – Client Referrals and Other Compensation of our Form ADV Part 2A available via our firm’s [Investment Adviser Public Disclosure Page](#).

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

### How do your financial professionals make money?

Our financial professionals are compensated based on a percentage of the revenue generated from the accounts they service directly. This means financial professionals have an incentive to increase the asset size in the relationship or solicit new business, taking time away from the day-to-day servicing of existing clients.

## Disciplinary History

### Do you or your financial professionals have legal or disciplinary history?

Yes. You can visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

**Conversation Starters:** *As a financial professional, do you have any disciplinary history? For what type of conduct?*

You can find additional information about our investment advisory services by viewing our Form ADV Part 2A available via our firm’s [Investment Adviser Public Disclosure Page](#) or by visiting [www.wealthcaregdx.com](http://www.wealthcaregdx.com). You can request up to date information and a copy of our client relationship summary by contacting us at (804) 644-4711 or by email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

**Conversation Starters:** *Who is my primary contact person? Is he or she a representative of an investment advisor? Who can I talk to if I have concerns about how this person is treating me?*

## **Exhibit**

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### **Material Changes**

The following material changes have been made to our Form CRS:

- We have updated the section “What investment services and advice can you provide me?” to disclose that we offer Wealth Management as a service.
- We have updated the section “What fees will I pay?” to disclose the asset-based fee for Wealth Management services.

# GunnFinancial<sup>®</sup>

ASSOCIATES | EST. 1989

## Form ADV Part 2B – Brochure Supplement

for

**Ryan K. Gunn, CFP<sup>®</sup>**  
**Wealth Advisor**

**Gunn Financial Associates**  
1010 S El Camino Real, Ste 203, San Clemente, CA, 92672  
(888) 902-5999 | [www.gunnfa.com](http://www.gunnfa.com)

**Effective: December 16, 2024**

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of Ryan K. Gunn, CFP<sup>®</sup>, (CRD# 5326196) in addition to the information contained in the Wealthcare Advisory Partners LLC (“WCAP” or the “Advisor”, CRD# 171976) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the WCAP Disclosure Brochure or this Brochure Supplement, please contact us at (804) 644-4711.

Additional information about Mr. Gunn is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 5326196.

**Wealthcare Advisory Partners LLC**  
1065 Andrew Drive, West Chester, PA 19380  
Phone: (804) 644-4711 | Fax: (804) 433-1188  
[www.wealthcaregdx.com](http://www.wealthcaregdx.com)

## Item 2 – Educational Background and Business Experience

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Ryan K. Gunn, CFP®, born in 1981, is dedicated to advising Clients of WCAP d/b/a Gunn Financial Associates as a Wealth Advisor. Mr. Gunn earned a BA Finance from University Of Utah in 2005. Additional information regarding Mr. Gunn’s employment history is included below.

### Employment History:

Wealth Advisor, Wealthcare Advisory Partners LLC d/b/a Gunn Financial Associates	08/2024 to Present
Mortgage Consultant, American VA Loans	05/2016 to Present
Owner, Gunn Financial Associates	10/2008 to 08/2024

### CERTIFIED FINANCIAL PLANNER™ (“CFP®”)

The CERTIFIED FINANCIAL PLANNER™, CFP®, and federally registered CFP® (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by CERTIFIED FINANCIAL PLANNER™ Board of Standards, Inc. (“CFP® Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 87,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- *Education* – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- *Examination* – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real-world circumstances;
- *Experience* – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- *Ethics* – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- *Continuing Education* – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- *Ethics* – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP®.

## Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Gunn.*** Mr. Gunn has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Gunn.

Wealthcare Advisory Partners LLC  
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Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Gunn.***

However, we do encourage you to independently view the background of Mr. Gunn on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 5326196.

## **Item 4 – Other Business Activities**

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### Insurance Agency Affiliations

Mr. Gunn is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from Mr. Gunn's role with WCAP. As an insurance professional, Mr. Gunn will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Gunn is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Gunn or the Advisor. Mr. Gunn spends approximately 10% of his time per month in this capacity.

### American VA Loans

Mr. Gunn is also a Mortgage Consultant for American VA Loans. In this role, Mr. Gunn makes referrals to the business for which he receives a flat fee. Mr. Gunn is a minority owner of the business. Mr. Gunn spends approximately 1% of his time per month in this capacity.

### Estate Planning Group

Mr. Gunn is also a Referring Financial Professional for Estate Planning Group. Mr. Gunn, in this role, refers clients to the Estate Planning Group for estate and tax planning services. Mr. Gunn does not receive compensation for such referrals. Mr. Gunn spends approximately 1% of his time per month in this capacity.

## **Item 5 – Additional Compensation**

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Mr. Gunn has additional business activities where compensation is received that are detailed in Item 4 above.

## **Item 6 – Supervision**

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Mr. Gunn serves as a Wealth Advisor of WCAP d/b/a Gunn Financial Associates and is supervised by James Krause, the Chief Compliance Officer. Mr. Krause can be reached at (804) 644-4711.

WCAP has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of WCAP. Further, WCAP is subject to regulatory oversight by various agencies. These agencies require registration by WCAP and its Supervised Persons. As a registered entity, WCAP is subject to examinations by regulators, which may be announced or unannounced. WCAP is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

# Wealthcare Advisory Partners LLC

## Form ADV Part 2A – Disclosure Brochure

Wealthcare Advisory Partners LLC  
1065 Andrew Drive  
West Chester, PA 19380  
Phone: (804) 644-4711  
Fax: (804) 433-1188

<http://www.wealthcaregdx.com/>

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: March 25, 2024**



## 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:

- The Advisor has amended Item 4 and Item 5 to update the disclosures for Wealth Management, Investment Management, and Financial Planning services. Please see Item 4 and Item 5 for more details.
- The Advisor has amended Item 8 to reflect the firm's current methods of analysis. Please see Item 8 for more details.

### 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).



## Item 3 – Table of Contents

<i>Item 1 – Cover Page</i> .....	<i>1</i>
<i>Item 2 – Material Changes</i> .....	<i>2</i>
<i>Item 3 – Table of Contents</i> .....	<i>3</i>
<i>Item 4 – Advisory Business</i> .....	<i>4</i>
<i>Item 5 – Fees and Compensation</i> .....	<i>8</i>
<i>Item 6 – Performance-Based Fees and Side-By-Side Management</i> .....	<i>12</i>
<i>Item 7 – Types of Clients</i> .....	<i>12</i>
<i>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</i> .....	<i>12</i>
<i>Item 9 – Disciplinary Information</i> .....	<i>16</i>
<i>Item 10 - Other Financial Industry Activities and Affiliations</i> .....	<i>16</i>
<i>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</i> .....	<i>17</i>
<i>Item 12 - Brokerage Practices</i> .....	<i>18</i>
<i>Item 13 – Review of Accounts</i> .....	<i>20</i>
<i>Item 14 - Client Referrals and Other Compensation</i> .....	<i>21</i>
<i>Item 15 - Custody</i> .....	<i>23</i>
<i>Item 16 - Investment Discretion</i> .....	<i>23</i>
<i>Item 17 - Voting Client Securities</i> .....	<i>24</i>
<i>Item 18 - Financial Information</i> .....	<i>24</i>
<i>Form ADV Part 2A – Appendix 1</i> .....	<i>25</i>

## 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 DuBrueler (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.

#### Wealth Management Services

WCAP provides tailored investment advisory solutions to its Clients. This is achieved through personal Client contact and interaction while providing discretionary or non-discretionary investment management over Client portfolios and a broad range of comprehensive financial planning. Investment Management and Financial Planning services are also offered as standalone services. These services are described below.

### 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.

*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.

#### Financial Planning and Consulting Services

WCAP will typically provide a variety of financial planning and consulting services to individuals and families, either as a component of wealth management services or 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. Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client's financial situation.

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.

#### 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. CLIENT ACCOUNT MANAGEMENT**

Prior to engaging WCAP to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – WCAP, in connection with the Client, will develop a strategy that seeks to achieve the Client’s goals and objectives.
- Asset Allocation – WCAP will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – WCAP will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – WCAP will provide investment management and ongoing oversight of the Client’s investment portfolio.

### **D. 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.

### **E. ASSETS UNDER MANAGEMENT**

As of December 31, 2023, WCAP manages \$4,541,661,225 in Client assets, \$4,285,232,689 of which is on a discretionary basis and \$256,428,536 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**

Wealth Management/Wealth Management/Investment Management Services (“Management Services”)  
Management Service fees (“management fees”) are generally paid quarterly, in advance of each calendar quarter, pursuant to the terms of the Management Services agreement (“management agreement”).



Management fees are based on the market value of assets under management at the end of the prior quarter. 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 management agreement.

The 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.

#### 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.

#### 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**

#### Management Services

Generally, 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 management fee from the Client's account[s] for each quarter and pay the 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, 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 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.

#### 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.

#### 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**

#### Management Services

WCAP is generally compensated for its services in advance of the quarter in which management services are rendered. Either party may terminate the management agreement, at any time, by providing advance

written notice to the other party. Upon termination, the Advisor will refund any unearned, prepaid management fees from the effective date of termination to the end of the quarter. The Client's 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.

#### 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.

#### 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**

#### 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**

WCAP employs an evidence-based approach to developing investment strategies for clients and a behavioral economics approach to make strategies available to clients. There are many plausible allocations and strategies to achieve necessary long-term returns for financial plan success. The key is to match a plausible strategy with client beliefs and preferences so that they are more likely to commit to a strategy long-term, rather than be influenced to market vicissitudes to exit a strategy or allocation when it comes under short-term pressure. The Advisor utilizes an investment choice framework to match plausible long-term strategies to client preferences.

For active strategies, the evidence-based approach utilizes proprietary quantitative metrics, including the Wealthcare Skill Index and break-even information ratios, to measure a manager's skill, and potential alpha after fees. The quantitative measures provide input to the qualitative analysis to finalize manager selection decisions. The Advisor will allocate to selected managers using quantitative portfolio construction techniques to build portfolios that achieve a client's target risk allocation and to capture manager skill. Where the Advisor dynamically manages allocations, long-term fundamental valuation analysis is used to assess longer-term expected returns and various risk measures, including the Growth Conditions Index (GCONIX) to adjust dynamic portfolios to maximize expected compensation for bearing risk.

For index-tracking (passive) strategies, the Advisor will focus on minimizing costs, both manager fees and transactions costs, while maintaining appropriate liquidity, to achieve the target risk and asset allocation for financial plan success.

To build and implement the investment approach described above, the Advisor utilizes several forms of analysis including fundamental, technical, and behavioral. Research and analysis from WCAP are derived from numerous sources, including databases (financial, economic, manager, marker), primary and secondary research. Secondary research includes information derived from financial

media, third-party researchers, internet sources, and a review of the activities of manager, ETF and mutual company activities, including reports, prospectuses, press releases and research prepared by others.

### Fundamental Analysis

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria consist of indicators that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a fair valuation. While this type of analysis helps in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Fundamental analysis also includes Cyclical Analysis. Cyclical analysis involves the analysis of economic and market cycles in a way that adds insight into fair valuation and risk conditions given the market cycle.

### Technical Analysis

Technical analysis involves the analysis of past market prices and may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of a company, market, or economy. The Advisor uses technical analysis as a supportive of fundamental analysis. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that WCAP will be able to accurately predict such a reoccurrence. As such, it is not used on a stand-alone basis, but as a supplement to fundamental analysis.

Technical analysis includes Charting Analysis. Charting analysis utilizes various market indicators as investment selection criteria. These criteria are generally price trends that may indicate movement in the markets. Assets are deemed suitable if they meet certain criteria to indicate that they can be expected to rise in price. Assets meeting the investment criteria utilized in the technical and charting analysis may lose value and may have negative investment performance. For dynamic strategies, the Advisor monitors these market indicators to determine if adjustments to strategic allocations are appropriate.

### Behavioral Analysis

Behavioral economics involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral economics seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decision, when viewed from conventional economic analysis. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior economics are that it relies on spotting trends in human behavior that may not predict future trends.

The Advisor uses behavioral economics principles in two ways:

1. To analyze crowd behavior and its influence on market prices. WCAP uses technical analysis described above to assess the group behavior of market participants and its impact on markets.
2. To manage behavioral risk of individual clients through the investment choice framework described above.

As noted above, WCAP generally employs long-term investment strategies for its Clients, as consistent with their financial goals and preferences. WCAP will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, WCAP may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals.

## 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: March 25, 2024**

## 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).

## Item 3 – Table of Contents

Form ADV Part 2A – Appendix 1 .....	25
Item 2 – Material Changes .....	26
Item 3 – Table of Contents .....	26
Item 4 – Advisory Business .....	27
Item 5 – Account Requirements and Types of Clients .....	29
Item 6 – Portfolio Manager Selection and Evaluation .....	29
Item 7 – Client Information Provided to Portfolio Managers.....	30
Item 8 – Client Contact with Portfolio Managers .....	30
Item 9 – Additional Information.....	30

## **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**

Management fees are typically paid quarterly, in advance of each calendar quarter, pursuant to the terms of the management agreement, custodial agreement or third party manager agreement. Management fees are based on the market value of assets under management at the end of the prior quarter. 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 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, 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 management fee from the Client's account[s] for each quarter and pay the 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, 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 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 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.

# Wealthcare Capital Management LLC

## Form ADV Part 2A – Disclosure Brochure

Wealthcare Capital Management LLC  
2 James Center  
1021 East Cary Street, #702  
Richmond, VA 23219  
Phone: (804) 644-4711 \* Fax: (804) 433-1188  
[www.wealthcaregdx.com](http://www.wealthcaregdx.com)

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Wealthcare Capital Management LLC (“WCM” 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).

WCM 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 WCM to assist you in determining whether to retain the Advisor.

Additional information about WCM 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# 111119.

**Date: March 25, 2024**

## 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 WCM.

WCM 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. WCM 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 its last distribution to clients:

- The Advisor has amended Item 4 and Item 5 to update the disclosures for Wealth Management, Investment Management, and Financial Planning services. Please see Item 4 and Item 5 for more details.
- The Advisor has added disclosure to Item 5.E and Item 10 regarding insurance recommendations. Please see Item 5.E and Item 10 for more details.
- The Advisor has amended Item 8 to reflect the firm's current methods of analysis. Please see Item 8 for more details.

### 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# 111119. 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).

## **Item 3 – Table of Contents**

<b>Item 1 – Cover Page</b>	1
<b>Item 2 – Material Changes</b>	2
<b>Item 3 – Table of Contents</b>	3
<b>Item 4 – Advisory Business</b>	4
<b>Item 5 – Fees and Compensation</b>	8
<b>Item 6 – Performance-Based Fees and Side-by-Side Management</b>	11
<b>Item 7 – Types of Clients</b>	11
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b>	11
<b>Item 9 – Disciplinary Information</b>	14
<b>Item 10 – Other Financial Industry Activities and Affiliations</b>	14
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	16
<b>Item 12 – Brokerage Practices</b>	16
<b>Item 13 – Review of Accounts</b>	18
<b>Item 14 – Client Referrals and Other Compensation</b>	18
<b>Item 15 – Custody</b>	20
<b>Item 16 – Investment Discretion</b>	20
<b>Item 17 – Voting Client Securities</b>	20
<b>Item 18 – Financial Information</b>	20



## **Item 4 – Advisory Business**

### **A. FIRM INFORMATION**

Wealthcare Capital Management LLC (“WCM” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). WCM is a limited liability company (“LLC”) organized in the State of Delaware and is headquartered in Richmond, Virginia. WCM is a wholly-owned subsidiary of Wealthcare Parent Holdings LLC (which is principally owned by Financeware LLC and VMS Intermediate Inc.) WCM is operated by Matthew T. Regan (President), Ronald E. Madey (Chief Investment Officer), Justin DuBrueler (Chief Financial Officer) and James J. Krause (Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by WCM. For additional information about our ownership structure, please see our Form ADV Part 1A, Schedules A and B.

WCM 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 WCM. The Advisory Persons are under the supervision of WCM, and the advisory services of Advisory Persons are provided through WCM. 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 WCM.

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

WCM provides investment advisory, portfolio management and related services to individuals, high net worth individuals, trusts, estates, retirement plans, business entities, including other investment advisors, charitable institutions, endowments and foundations (each hereinafter a “Client” or collectively as “Clients”).

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. WCM’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.

#### Wealth Management Services

WCM provides tailored investment advisory solutions to its Clients. This is achieved through personal Client contact and interaction while providing discretionary or non-discretionary investment management over Client portfolios and a broad range of comprehensive financial planning. Investment Management and Financial Planning services are also offered as standalone services. These services are described below.

#### Investment Management Services

WCM 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. WCM works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create an investment strategy. WCM will then design a portfolio utilizing the Advisor’s internal investment strategies, alternative investments, or independent managers as described below.

WCM will place Client assets into one of WCM’s models consisting of mutual funds, ETFs and/or alternative investments. WCM also believes that certain Clients may benefit from individual stock and fixed

income portfolio management services and strategies. These strategies would assist Clients in meeting their market exposure, risk management, tax management and return objectives in a cost-effective manner using systematic strategies. WCM will collaborate with independent manager and Clients to design and implement customized solutions to accommodate personal preferences including sector/industry constraints as well as ESG (environmental, social and governance) preferences as well as establishment of additional investment guidelines as they deem necessary.

In certain instances, the Advisor will allow for certain substitute securities in its model portfolios. Most typically, these allowances are made for securities that are transferred “in-kind” into a Client’s account and are held at the client’s direction, due to adverse tax consequences to sell and/or due to fund line-up limitations.

*Mutual Funds* – WCM seeks to select mutual fund share classes on a fund-by-fund basis and seeks to select the most appropriate share class for its model portfolios and clients. Generally, and subject to availability, WCM will select the share class with the lowest expense ratio, which means that clients will typically pay transaction fees, but the fund does not have any associated service fees or Rule 12b-1 fees. However, WCM, in certain instances, may select a share class with a higher expense ratio where it believes that this share class is most appropriate. WCM is under no obligation to request waivers of investment minimums contained in prospectuses for mutual funds, but may determine to do so. In addition, due to specific custodial, account or mutual fund company constraints, there may be situations where a specific share class is not consistently available and all or some clients may be invested in a replacement share class that WCM determines is appropriate.

*Exchange Traded Funds* – Similarly, WCM selects ETFs on a fund-by-fund basis. Key decision criteria include targeted asset class exposure, expense ratios, track record, ticket charges at the respective custodians, assets under management and liquidity analysis.

*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, WCM 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 WCM 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. WCM 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, WCM 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.

WCM's investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. WCM 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. WCM evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. WCM may recommend, on occasion, redistributing investment allocations to diversify the portfolio. WCM may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, overweighting 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 WCM 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 their designated account[s] at the Custodian, pursuant to the terms of the investment advisory agreement. For additional information, please see Item 12 – Brokerage Practices.

*Use of Independent Managers* – WCM believes that certain Clients may benefit from individual stock and fixed income portfolio management services and strategies. These strategies would assist Clients in meeting their market exposure, risk management, tax management and return objectives in a cost-effective manner using systematic strategies. In such instances, WCM will recommend that Clients utilize one or more unaffiliated investment managers or investment platforms (collectively “Independent Managers”) for all or a portion of a Client's investment portfolio, based on the Client's needs and objectives. The Client may be required to authorize and enter into an investment management agreement with the Independent Manager[s] that defines the terms in which the Independent Manager[s] will provide its services. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Clients' investment objectives and overall best interests. The Advisor will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager's Form ADV Part 2A - Disclosure Brochure (or a brochure that makes the appropriate disclosures).

*Investment Strategist / Model Management Services* - WCM also serves financial intermediaries (the “Intermediary[ies]”) and their end clients (the “End Client[s]”), whereby WCM provides investment models through a contractual engagement with the Intermediary[ies]. The Intermediary[ies] establishes and maintains the relationship with its End Clients and retains the sole responsibility for suitability and overall management of the End Client relationship. WCM will not establish a contractual relationship directly with the End Client[s], but may accept, at its sole discretion, restrictions placed on its investment strategist services by the Intermediary[ies]. WCM's investment strategist services may include strategic asset allocation models, tactical asset allocation models, absolute-return oriented models as well a multi-manager, multi-product and/or multi-strategy models for individual asset classes and/or for the total portfolio asset allocation.

Investment models may be customized and offered for use in accounts with varying tax treatment, account size and complexity. WCM will have the authority to make recommendations and manage the investment models, which each Intermediary, shall act upon in their sole discretion with respect to each End Client account pursuant to an advisory agreement between the End Client and the Intermediary.

### Retirement Plan Advisory Services

WCM provides advisory services to retirement plans (each a “Plan”) and the company sponsor (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 may include:

- Development and Monitoring of an Investment Policy Statement (“IPS”) for the Plan Sponsor.
- Discretionary selection or non-discretionary recommendations of Plan Participant investment options and design of efficient portfolios (WCM 401(k) portfolios) across the risk/return spectrum.
- A phone-in service to answer Plan Participant questions about Plan investment options and related plan information including the offer to any Plan Participant to create a personalized Wealthcare Plan and, if approved by the Plan Participant, to periodically track and report on the status of the Plan and revise it as requested by the Plan Participant or to make new Plan recommendations for the Plan Participant to consider. For some Plan Sponsors, in-person Plan Participant retirement investment planning educational meetings may be provided.
- Design and delivery of a self-scoring risk tolerance and time horizon questionnaire for use by Plan Participants mapped to the WCM 401(k) portfolio selections for optional use by Plan Participants.
- Periodic rebalancing when appropriate of any WCM 401k Portfolios selected as investment options by Plan Participants.

Certain of these services are provided by WCM 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 WCM’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement. Additionally, plan participants may choose to engage the Advisor for individual investment management services, as described above.

Currently, WCM works with Employee Fiduciary Corporation of Mobile, Alabama as the preferred provider of third-party administrative and related services to 401(k) Plans and Plan Participants. WCM is not financially affiliated with Employee Fiduciary Corporation. WCM does not receive any fees from Employee Fiduciary.

### **C. CLIENT ACCOUNT MANAGEMENT**

Prior to engaging WCM to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – WCM, in connection with the Client, will develop a strategy that seeks to achieve the Client’s goals and objectives.
- Asset Allocation – WCM will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – WCM will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – WCM will provide investment management and ongoing oversight of the Client’s investment portfolio.

### **D. WRAP FEE PROGRAM**

WCM does not sponsor a wrap fee program in connection with their investment management services. However, WCM may serve as portfolio manager to a third-party advisor’s (“TPA’s”) wrap fee program. A TPA’s wrap fee program is inclusive of trade commissions, other custody costs and both WCM’s advisory fee and the Program Sponsor’s advisory fee.

A complete description of these programs and related fees, charges, when due and termination procedures are described in the respective TPAs disclosure brochures, which Clients receive at or prior to the engagement with the TPA.

## **E. ASSETS UNDER MANAGEMENT**

As of December 31, 2023, WCM manages \$2,579,940,831 in Client assets, \$2,539,043,842 of which is on a discretionary basis and \$40,896,989 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**

#### Wealth Management/Investment Management Services (“Management Services”)

Management Service fees (“Management Fees”) are generally paid quarterly, in advance of each calendar quarter, pursuant to the terms of the Management Services agreement (“management agreement”). Management fees are based on the market value of assets under management at the end of the prior quarter. Management fees are at an annual 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. In the event of the use of alternative investments, there is a possibility that the management fee rate of 1.85% may be exceeded.

The 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. Fees may be negotiable at the sole discretion of the Advisor. The Client’s fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by WCM will be independently valued by the Custodian. WCM will conduct periodic reviews of the Custodian’s valuations.

The fees WCM retains are exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses, which may be incurred by the Client. However, WCM shall not receive any portion of these commissions, fees, and costs.

*Use of Independent Managers* - As noted in Item 4, the Advisor may implement all or a portion of a Client’s investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers will not typically offer any fee discounts, but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager’s disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor’s fee and the Independent Manager’s fee will not exceed 2.00% annually. WCM does not impose a minimum relationship size, however, the Advisor may impose a minimum annual fee, which can be waived at the sole discretion of the Advisor. In the event that a client utilizes an outside investment advisor for alternative investments, the blended fee may potentially exceed 2.00% annually

*Investment Strategist / Model Management Services* - For investment strategist/model management services, WCM will charge a management fee of up to 0.25% per annum based upon the assets under management in each End Client account.

#### Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 0.65%. Retirement plan advisory fees are based on the market value of assets under management at the end of the prior calendar



quarter. Fees may be negotiable depending on the size and complexity of the Plan and the services to be provided.

#### Financial Planning Services

Project-based financial planning 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 fees range up to \$15,000 which is invoiced in advance of each quarter. 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.

### **B. FEE BILLING**

#### Management Services

Generally, management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s]. The Advisor or its delegate shall send an invoice to the Custodian to automatically deduct the management fee from the Client's account[s] for each quarter and pay the management fee[s] to the Advisor. The amount due is calculated by applying the quarterly rate (annual rate prorated for number of days in the upcoming quarter) to the total assets under management with WCM at the end of the prior 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 does not assume this responsibility. Clients provide written authorization permitting the Custodian to pay WCM by direct deduction from their account[s] held by the Custodian as part of the management agreement and separate account forms provided by the Custodian.

*Use of Independent Managers* - For Client accounts implemented through an Independent Manager, the Client's overall fees may include WCM's investment advisory fee (as noted above) plus investment management fees and/or platform fees charged by the Independent Manager[s], as applicable. In certain instances, the Independent Manager or the Advisor may assume responsibility for calculating the Client's fees and deduct all fees from the Client's account[s].

#### Retirement Plan Advisory Services

Retirement plan advisory 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.

#### 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

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

Clients may incur certain fees or charges imposed by third parties, other than WCM, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all securities execution and custody fees charged by the Custodian and executing broker-dealer. Certain of the Advisor's recommended custodians do not charge securities transaction fees for ETF and equity trades in Client accounts, but do charge for mutual funds and other types of investments. The fees charged by WCM are separate and distinct from these custody and execution fees.

In addition, all fees paid to WCM for investment advisory services 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 WCM, but would not receive the services provided by WCM 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 WCM 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**

##### Management Services

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

*Use of Independent Managers* - In the event that the Advisor has determined that an Independent Manager is no longer in the Client's best or a Client should wish to terminate their relationship with the Independent Manager, the terms for termination will be set forth in the respective agreements between the Client or the Advisor and the Independent Manager. WCM will assist the Client with the termination and transition as appropriate.

##### Retirement Plan Advisory Services

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

##### Financial Planning Services

WCM 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 advance 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.

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

##### Insurance Agency Affiliation

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 WCM. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

WCM does not charge performance-based fees for its investment advisory services. The fees charged by WCM are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client. WCM 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**

WCM provides investment advisory, portfolio management and related services to individuals, high net worth individuals, trusts, estates, retirement plans, business entities, including other investment advisors, charitable institutions, endowments and foundations. 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. Although WCM generally does not impose a minimum relationship size, the Advisor does impose a minimum fee of \$500 which can be waived at the sole discretion of the Advisor. Additionally, certain Independent Managers may also impose a minimum fee.

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

The investment philosophy of WCM is based on the fundamental premise that the capital markets are continuously uncertain, and that the Advisor's job as managers of wealth is to manage those things which the Advisor, or its Clients, can control over a Client's lifetime or other relevant time period (for institutions). In accepting the notion that the capital markets are always uncertain, one of the Advisor's primary tasks is to control the amount of capital market uncertainty that is prudent to accept for each Client's financial circumstance, and the effect of that uncertainty on the funding status of all of a Client's unique financial needs and goals. Numerous studies, historical data and common sense, tell us that the primary driver of uncertainty is the amount of a portfolio that is allocated to riskier assets, like equities. This key decision—how much of a portfolio is prudent to allocate to the risk of the equity markets—should not be taken lightly and should be based on the premise that needless risk should be avoided.

WCM's Investment Policy Committee (the "Committee") is responsible for the selection of securities and design of portfolios on behalf of its Clients' accounts. The Committee, which is comprised of Officers of WCM, confers regarding selection of securities for WCM's Model Portfolios as well as any other investments managed by WCM. The Committee may also utilize the services of an investment consultant who is experienced in investment strategy, financial modeling and risk management. Other professional staff supplies supporting research information to the Committee regarding the ETFs or mutual funds – such as liquidity, fund expenses, tracking error against the target asset class index, fund managers and other factors. On a day-to-day basis, specific Client portfolio trading decisions are delegated to the officers who oversee the Advisor's Portfolio Trading area. Portfolio Trading takes action on Client accounts based on general account guidelines for rebalancing or other Client requests (e.g., the need for cash by a Client or the infusion of new Client household assets from a Client) or whenever a revision to a Client's target WCM portfolio is required based on a new Investment Policy Ticket.

The most commonly used WCM Strategies require only a few ETFs for a low cost, well diversified efficient portfolio. Those three ETFs in turn own approximately 3,000 to 5,500 underlying equity securities and 15 – 20 U.S. government treasury securities. For benefit plan advisory services, indexed mutual funds may be used in lieu of ETFs. On a less frequent basis, the Advisor may offer advice on mutual funds, securities traded over-the-counter, corporate debt securities, variable annuities, municipal securities and individual foreign and domestic equities.

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

WCM employs an evidence-based approach to developing investment strategies for clients and a

behavioral economics approach to make strategies available to clients. There are many plausible allocations and strategies to achieve necessary long-term returns for financial plan success. The key is to match a plausible strategy with client beliefs and preferences so that they are more likely to commit to a strategy long-term, rather than be influenced to market vicissitudes to exit a strategy or allocation when it comes under short-term pressure. The Advisor utilizes an investment choice framework to match plausible long-term strategies to client preferences.

For active strategies, the evidence-based approach utilizes proprietary quantitative metrics, including the Wealthcare Skill Index and break-even information ratios, to measure a manager's skill, and potential alpha after fees. The quantitative measures provide input to the qualitative analysis to finalize manager selection decisions. The Advisor will allocate to selected managers using quantitative portfolio construction techniques to build portfolios that achieve a client's target risk allocation and to capture manager skill. Where the Advisor dynamically manages allocations, long-term fundamental valuation analysis is used to assess longer-term expected returns and various risk measures, including the Growth Conditions Index (GCONIX) to adjust dynamic portfolios to maximize expected compensation for bearing risk.

For index-tracking (passive) strategies, the Advisor will focus on minimizing costs, both manager fees and transactions costs, while maintaining appropriate liquidity, to achieve the target risk and asset allocation for financial plan success.

To build and implement the investment approach described above, the Advisor utilizes several forms of analysis including fundamental, technical, and behavioral. Research and analysis from WCM are derived from numerous sources, including databases (financial, economic, manager, market), primary and secondary research. Secondary research includes information derived from financial media, third-party researchers, internet sources, and a review of the activities of manager, ETF and mutual company activities, including reports, prospectuses, press releases and research prepared by others.

#### Fundamental Analysis

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria consist of indicators that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a fair valuation. While this type of analysis helps in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Fundamental analysis also includes Cyclical Analysis. Cyclical analysis involves the analysis of economic and market cycles in a way that adds insight into fair valuation and risk conditions given the market cycle.

#### Technical Analysis

Technical analysis involves the analysis of past market prices and may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of a company, market, or economy. The Advisor uses technical analysis as a supportive of fundamental analysis. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that WCM will be able to accurately predict such a reoccurrence. As such, it is not used on a stand-alone basis, but as a supplement to fundamental analysis.

Technical analysis includes Charting Analysis. Charting analysis utilizes various market indicators as

investment selection criteria. These criteria are generally price trends that may indicate movement in the markets. Assets are deemed suitable if they meet certain criteria to indicate that they can be expected to rise in price. Assets meeting the investment criteria utilized in the technical and charting analysis may lose value and may have negative investment performance. For dynamic strategies, the Advisor monitors these market indicators to determine if adjustments to strategic allocations are appropriate.

### Behavioral Analysis

Behavioral economics involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral economics seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decision, when viewed from conventional economic analysis. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior economics are that it relies on spotting trends in human behavior that may not predict future trends.

The Advisor uses behavioral economics principles in two ways:

1. To analyze crowd behavior and its influence on market prices. WCM uses technical analysis described above to assess the group behavior of market participants and its impact on markets.
2. To manage behavioral risk of individual clients through the investment choice framework described above.

As noted above, WCM generally employs long-term investment strategies for its Clients, as consistent with their financial goals and preferences. WCM will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, WCM may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals

## **B. RISK OF LOSS**

Risk is the measurement of the degree of unpredictability of a given portfolio's return in any given period. Risk includes the possibility of losing some or all of your original investment. For its Clients, WCM calculates 95th percentile downside risk. This means for any given 12-month period, only 1 out of 20 periods would have a negative return in excess of the calculated 95th percentile downside risk statistic using 1,000 simulations. Even the most conservative investment strategy is subject to risk. Market risk, also known as systematic risk, is the risk inherent to the entire market or an entire market segment. For example, interest rates, recession, natural disasters and wars all represent sources of nonsystematic market risk that cannot be avoided through market diversification. WCM cannot guarantee a Client will, in all circumstances of changing personal financial goals and market conditions, be able to remain in a Client's Wealthcare Plan's Comfort Zone®, as that term is illustrated and described in this disclosure document.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with certain components of the Advisor's investment approach:

### 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 has 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.

#### 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.

#### Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, (i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things; the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, (i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned), (3) inflation risk, (i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return), (4) credit default risk, (i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation), (5) rating downgrades, (i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt) and (6) Liquidity Risks, (i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond).

#### 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. Client should only have a portion of their assets in these investments.

**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.**

### **Item 9 – Disciplinary Information**

Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a prospective client's evaluation of WCM or the integrity of WCM's management. WCM values the trust Clients place in the Advisor. The Advisor encourages 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# 111119.

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

#### Wealthcare Advisory Partners LLC (“WCAP”)

The Advisor is affiliated, through common control, with WCAP, a registered investment advisor with the SEC. WCAP selects WCM to act as sub-advisor for the provision of advisory services. In such instances, WCM provides financial planning, investment advisory and certain portfolio management services to

WCAP. WCM also has an agreement to perform certain corporate and administrative functions for WCAP, including administering payroll for certain supervised persons of WCAP.

Additionally, certain Advisory Persons of WCM in their individual capacity are also Advisory Persons of WCAP. Advisory Persons can recommend, on a fully disclosed basis, the investment advisory services of WCAP. A conflict of interest exists to the extent that Advisory Persons recommend the services of WCAP to Clients of WCM. Clients of WCM are under no obligation to accept the recommendations to engage with WCAP for services.

Finally, as a result of this relationship, certain custodians utilized by WCAP may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about WCM's Clients who also work with WCAP Advisory Persons, even if a Client does not establish any account through these custodians. If Clients would like a copy of these custodians' privacy policy, please contact your financial advisor.

#### 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 WCM 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 WCM a variety of services relating to fee-based insurance products. These services include, among others, providing WCM 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 WCM, 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.

#### 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 WCM. 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.

#### 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**

WCM 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 WCM (herein “Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor’s duties to each Client. WCM and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of WCM 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).

WCM’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 personal securities transactions by Supervised Persons on a quarterly basis as well as upon hire and annually for all WCM’s Supervised Persons. The Chief Compliance Officer of WCM periodically reviews the personal trading of Supervised Persons. The Chief Compliance Officer’s trades are reviewed by the President of WCM or his designee. These reviews help ensure that the personal trading of Supervised Persons comply with WCM’s Code. Due to the nature of WCM’s recommended portfolios, the Advisor believes it would be very unusual for any Supervised Person’s personal trades in individual securities to present any ethical conflicts with any ETF or other portfolio recommendations or trades made on behalf of Client assets.

WCM does not recommend securities to Clients in which WCM or its Supervised Persons have a material financial interest. The primary securities invested in by WCM on behalf of its Clients are passive ETFs and indexed mutual funds, although portfolio management and advice on prior Client positions which may have to stay in a Client’s portfolio for some time for tax or other personal Client reasons is sometimes required. WCM does not typically recommend the purchase of publicly-traded or privately-placed individual stocks, bonds, master limited partnerships, hedge funds or limited liability companies to its Clients.

WCM may periodically offer for sale or grant to its Supervised Persons common stock in the company as an employee incentive. It should be noted that some Supervised Persons are also considered Clients of WCM, but no advisory fees are associated with such an investment. WCM’s Supervised Persons may be invested in the same passive ETF or indexed mutual funds as WCM Clients via their personal or 401k custodial accounts. The Advisor does not feel this presents a conflict of interest because the minimal exposure that WCM’s overall ownership of these securities (Client and employee) would not have a significant impact on their pricing given the large capitalization and market liquidity of the securities recommended.

A copy of WCM’s Code is available to WCM’s Clients upon written request to the Compliance Officer at WCM’s principal office address or by email request to [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com).

## **Item 12 – Brokerage Practices**

### **A. RECOMMENDATION OF CUSTODIAN[S]**

WCM 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 WCM to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, WCM does not have the discretionary authority to negotiate commissions on behalf of its Clients on a trade-by-trade basis.

Where WCM does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the Custodian

recommended by the Advisor and will not incur any extra fee or cost associated with using a Custodian not recommended by WCM. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. WCM may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation and/or the location of the Custodian's offices.

WCM typically recommends that Clients establish accounts at Charles Schwab & Co., Inc. ("Schwab"), Fidelity Clearing & Custody Solutions, a related entity of Fidelity Investments, Inc. (collectively "Fidelity"), and Pershing Advisor Solutions, a subsidiary of Pershing LLC, which is a wholly-owned subsidiary of The Bank of New York Mellon Corporation (herein "Pershing"), independent and unaffiliated SEC-registered broker-dealers and members FINRA/SIPC (collectively the "Custodians"). The Custodians offer to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. The Advisor receives some benefits from the Custodians through its participation in the program. Please see the disclosure under Item 14 below.

*1. 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. **WCM 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.**

*2. Brokerage Referrals* - WCM 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 WCM 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]). When a client directs trades with a party other than the account Custodian, WCM 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 which may cause a disparity in commission charges among clients.

## **B. TRADE AGGREGATION**

The aggregation or blocking of Client transactions allows the Advisor to execute transactions in a more timely, equitable, and efficient manner and seeks to provide, when feasible based on similar time frames of information required to make a trade decision, the same execution price for Clients at the same Custodian and/or executing broker-dealer [if different]. WCM's seeks to aggregate Client transactions where possible and when advantageous to Clients. In these instances, Clients participating in any aggregated transactions will receive an average share price at each executing broker-dealer/custodian where the transaction costs will be charged separately based upon each firm's commission schedule. When possible, the Advisor will seek to obtain lower commissions for Clients that qualify under various Custodians' promotional programs but not at the cost of unnecessary portfolio turnover and related tax consequences.

In the event transactions for WCM, its employees or principals are aggregated with Client transactions and conflicts arise, WCM will always defer to the benefit of the Client in the transaction. If aggregation is in the best interest of Clients with accounts at more than one Custodian on the same trade date, an impartial process is used to determine the order in which the Custodians are sequenced to submit aggregated orders.

## **Item 13 – Review of Accounts**

### Reconciliation of Client Accounts

All active WCM Client accounts are reconciled to their most recent month-end custodial statement before the end of the next calendar month by the portfolio operations department. The portfolio operations department is supervised by the Vice President – Director of RIA Solutions. In most cases, where WCM has established an electronic reconciliation link between the Custodian and the Advisor’s 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 ongoing 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 Plan fall materially outside its Comfort Zone®.

### Regular Reports

Delivery of WCM quarterly reports vary by Advisory Person or Client preference. They may be delivered in person in physical or virtual Client meetings, via regular mail or via secure online or electronic delivery.

Regular reports include information on portfolio holdings, Client goals, values, and the funded Comfort Zone® status of the financial plan. Each report will contain disclosures that include an offer to the Client to request and receive WCM’s most current Disclosure Brochure, which includes the Advisor’s Privacy Policy. The Disclosure Brochure is also available on WCM’s website. TPAs determine the frequency of delivery of WCM’s quarterly status reports to that firm’s Clients.

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

WCM may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, WCM may receive non-compensated referrals of new Clients from various third-parties.

### Participation in Institutional Advisor Platform - Schwab

WCM has established an institutional relationship with Schwab through its “Schwab Advisor Services” unit, a division of Schwab dedicated to serving independent advisory firms like WCM. As a registered investment advisor participating on the Schwab Advisor Services platform, WCM 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 WCM that may not benefit the Client, including: educational conferences and events, financial start-up support, 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. WCM believes, however, that for Clients who open Schwab account, the selection of Schwab as Custodian is in the best interests of its Clients.

*Additional Benefits* – On November 30, 2020 WCM 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 \$215,000, and in any event not to exceed the actual dollar amount of Exit Fees charged by WCM's clients' former custodian(s). To be eligible for this offer, WCM 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 WCM clients' accounts by their former custodian when WCM clients transfer their accounts to Schwab. The reimbursement of Exit Fees will be deposited directly into WCM clients' accounts. Under these provisions, Schwab Advisor Services is offering WCM assistance in the amount of \$135,000 to use towards technology, marketing and research related expenses.

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

The Advisor has established an institutional relationship with Fidelity and Pershing 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.

#### **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**

WCM does not accept or maintain custody of any Client accounts, except for 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 WCM to utilize the Custodian for the Client's security transactions. WCM 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**

WCM 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 WCM. Additionally, the Client authorizes this investment discretion through the execution of a limited power of attorney ("LPOA") or related documents required by the Custodian. The LPOA will grant WCM the authority 1) to trade securities on the Client's behalf in the account, 2) to authorize the disbursement of WCM's quarterly investment advisory fee and 3) to authorize WCM 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 WCM with reasonable restrictions as to the degree of discretion WCM has in trading one or more of the Client's investment accounts or specific investment securities. Typically, the Client's financial plan determines the Client's targeted investment allocation WCM generally monitors and maintains at the combined household versus individual account level.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, WCM generally does not accept proxy-voting responsibility for Clients. 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.

For ERISA Clients, WCM will vote proxies, except where the Plan Sponsor has requested the Advisor vote on behalf of the Plan. Under such circumstances, WCM does not have responsibility to vote proxies on behalf of the Plan.

A complete copy of WCM's proxy voting policy can be obtained by sending a request to WCM's CCO via email at [compliance@wealthcarecapital.com](mailto:compliance@wealthcarecapital.com) or via telephone at (804) 644-4711.

## **Item 18 – Financial Information**

Advisors are required in this Item to provide Clients with certain financial information or disclosures about their financial condition. WCM 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 WCM 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.