



**WEALTHWATCH**  
A D V I S O R S

## **Firm Brochure (ADV Part 2A)**

**January 10, 2022**

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*This brochure provides information about the qualifications and business practices of Wealth Watch Advisors, LLC. If you have any questions about this brochure's contents, please contact us at (855) 822-3708. This brochure's information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Wealth Watch Advisors, LLC is an SEC-registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The written communications of an Advisor provide you with information for your use in determining whether to hire or retain the Advisor.*

*Additional information about Wealth Watch Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Advisor is 172002.*



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## 1. Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of our fiscal business year close. Interim updates will be distributed to you if there is a material change to this brochure.

At any time, you may obtain a free printed copy of our most recent brochure by contacting us at the phone number listed on the cover.

Our last annual update to this brochure was on August 4<sup>th</sup> of 2021.

On the 2nd of January 2020, the Firm discontinued the use of the communication tool AssetLock™ on all models.

On the 9th of June 2020, the Firm discontinued the use of all investment models managed by Solomon API, LLC.

On the 31st of July 2021, the Firm discontinued the use of the Orion API Advisor Technology software.

## 2. Advisory Business

### Ownership/Wealth Watch History

Wealth Watch Advisors, LLC ("Wealth Watch" and/or "the Firm") is a Delaware limited liability company. Wealth Watch is registered with the Securities and Exchange Commission. Wealth Watch Advisors, LLC is owned by David A. Shields, Tyrone Clark, William E. Gastl, and John Patrick Lynch. David Shields and William E. Gastl are the Firm's managing members.

### Advisory Services Offered

Before Wealth Watch enters an advisor-client relationship, Wealth Watch may offer a complimentary general consultation to discuss services available, give a prospective client time to review services and determine whether a relationship might benefit the client. Investment advisory services begin only after Wealth Watch and the client formalize the relationship with a properly executed Investment Advisory Agreement ("IAA"). Per applicable laws and regulations, Wealth Watch will provide this brochure, the ADV Part 2B, ADV Part 3, and the Wrap Brochure (if applicable) to each client or prospective client before or along with the execution of the IAA. Wealth Watch offers various services to individuals, high-net-worth individuals, pension and profit-sharing plans, financial institutions, trusts, estates, charitable organizations, and other appropriately registered investment advisors.

Neither Wealth Watch nor the client may assign an IAA to a third party without the written consent of the other party. Transactions that do not result in a change or actual control or management of Wealth Watch shall not be considered an assignment. Wealth Watch will not provide custodial or other administrative services. Similarly, Wealth Watch will not accept or maintain custody or investment supervisory services of a client's funds or securities, except in cases of indirect custody granted through third-party distribution permissions and as described in Item 13. The client is responsible for all custodial fees, securities execution fees charged by the custodian and executing broker/dealer (unless otherwise negotiated), and any internal expenses of investments held within the portfolio.

Wealth Watch offers the following services:

**Investment Supervisory Services**

Wealth Watch will not assume any responsibility for the accuracy of information provided by the client and is not obligated to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying Wealth Watch in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. When Wealth Watch is notified by the client of such a change, the Firm will review such changes and recommend any necessary changes to the client's portfolio. Wealth Watch offers ongoing portfolio management services based on the client's goals, objectives, time horizon, and risk tolerance.

Wealth Watch receives a limited power of attorney for its discretionary asset management services to effect securities transactions on behalf of its clients. Wealth Watch limits its investment advice and/or money management to investment models which are managed by third-party advisory firms. The models are allocated to mutual funds, exchange-traded funds, equities, bonds, options, real estate investment trusts, equity-based options, structured notes, insurance products, government securities, and cash or cash equivalents.

Wealth Watch clients are offered portfolios managed by separate third-party Investment managers (sub-Advisors) that Wealth Watch engages on its behalf. Such arrangements are described in further sections.

**Financial Planning Services**

Wealth Watch offers clients financial planning or consulting services to evaluate their financial situation, goals, and risk tolerance. Through a series of personal interviews and the use of risk questionnaires, Wealth Watch's registered Investment Advisor Representatives (IAR's) will collect pertinent data, identify goals, objectives, financial challenges, potential solutions, prepare specific recommendations and implement recommendations. Because of these actions, advice may be provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, estate planning, tax issues, stretch IRA planning, Investment Planning/Asset Allocation, retirement planning, educational funding, goal setting, or other needs as identified by the client to a Wealth Watch registered IAR. The Firm may offer broad-based planning services that involve a written financial plan, or the client may desire consulting on certain planning topics that do not involve a written financial plan. The Firm can tailor services as desired by the client. These services are based on fixed fees or an hourly fee. The final fee structure is documented in the Financial Planning Agreement.

In offering financial planning, a conflict may exist between the interests of Wealth Watch and the interests of the client. The client is under no obligation to act upon a Wealth Watch registered IAR's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment advisor. This statement is required pursuant to the California Code of Regulations, 10 CCR Section 260.235.2.

**Tailored Services**

Wealth Watch will tailor its advisory services to each clients' individual needs based on meetings, conversations, risk assessment questionnaires, and completion of client profiles (as applicable). If a client wishes to impose certain restrictions on investing in certain securities or types of securities or if certain securities within the client's account are to be excluded from trading, Advisor will address those restrictions with the client in writing to clearly understand the client's requirements.

**Wrap Program**

Wealth Watch participates in a wrap fee program. These are investment programs where the investor pays one stated fee that includes management fees, transaction costs, and other administrative fees. Please note that specific investments held inside a wrap portfolio may charge a separate or internal fee or expense. Any such internal fee or expense is not included in the wrap program.

Wealth Watch manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fee paid to the wrap account program will be given to Wealth Watch. For additional information about this program, please refer to the Wealth Watch Wrap Brochure.

**Solicited Assets Manager (“SAM”)**

SAM Programs offer advisors’ clients access to a variety of portfolio managers that create and implement model portfolios with varying levels of risk from which investors may choose. SAM Program accounts are not managed by Wealth Watch. Rather, SAM Program accounts are managed by one or more unaffiliated third-party portfolio managers on a discretionary basis. They may consist of various securities types, including stocks, bonds, ETFs, mutual funds, and derivatives. Account minimums for SAM Program accounts exist in certain programs or models and are disclosed in the SAM Program's ADV Part 2A. Wealth Watch acts as a solicitor when making SAM programs available to Wealth Watch registered investment representative clients, as described below:

- When Wealth Watch acts as a solicitor for the SAM Program sponsor, neither Wealth Watch nor your Wealth Watch registered investment representative is appointed by you as an investment adviser in relation to the SAM Program. Instead, your advisor will assist you in selecting one or more SAM programs believed to be suitable for you based on your stated financial situation, investment objectives, and financial goals. Wealth Watch and your registered investment representative are compensated for referring you to the ongoing advisory services provided to you within the SAM Program. Compensation generally takes the form of the SAM Program sponsor sharing with Wealth Watch and your registered investment representative, through Wealth Watch, a percentage of the advisory fee that you pay to the SAM Program sponsor. When we act as a solicitor for a SAM program, you will receive a written solicitor disclosure statement describing the nature of our relationship with the SAM Program, if any; the terms of our compensation arrangement with the SAM Program, including a description of the compensation that we will receive for referring you to the SAM Program; and the amount, if any, that you will be charged that is in addition to the advisory fee you will pay to the SAM as a result of our referral of you to the SAM Program.
- Wealth Watch IARs are only allowed to recommend investment models to clients that are managed by one of its approved third-party Investment Managers. Wealth Watch’s approved sub-advisory firms are Brookmont Capital Management, Howard Capital Management, Taiber Kosmala and Associates, First Trust, Guggenheim Investments, Redwood Investments, and PanthRex Capital Management. Wealth Watch has not and will not approve any alternative investments or unregistered securities, including but not limited to promissory notes issued by non-FDIC banks, unregistered stocks, and bonds, and collateralized or collateralized loans. The only exceptions to this statement are in relation to CIM Opportunity Zone investment products managed by CIM Group as well as Structured Notes managed by First Trust, both of which have been pre-approved for Advisors to recommend where appropriate.

**Client Assets Managed**

As of December 31<sup>st</sup>, 2021, Wealth Watch Advisors, LLC manages \$282,230,794.74 in discretionary assets and \$6,857,086.79 in non-discretionary assets.

**3. Fees and Compensation****Financial Planning Services**

Fixed Fees depend upon the complexity of the situation and the needs of the client. The fixed fee for creating client financial plans typically ranges between \$250 and \$5,000. The variation of fees would depend on the complexity of the client's particular situation. Fixed fees are computed based upon a good faith estimate of hours required to perform services. Wealth Watch attempts to maintain parity with hourly and fixed charges while allowing flexibility in the estimation, considering case complexity and client-specific circumstances. Fees are paid by check to Wealth Watch Advisors in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Clients may terminate a financial planning agreement at any time with written notice to the Firm. Fees charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

The fees are negotiable, and the final fee schedule will be attached to the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Hourly Fees depend upon the complexity of the situation and the needs of the client. The hourly fee for these services is typically between \$100 and \$300. The fees are negotiable, and the final fee schedule will be attached to the Financial Planning Agreement. Fees are paid by check to Wealth Watch in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Clients may terminate a financial planning agreement at any time with written notice to the Firm. The fee refunded will be the balance of the fees collected in advance, less the cost of work completed (the hourly rate times the number of hours of work that has been completed up to and including the day of termination). Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

**Portfolio Management Services**

Wealth Watch's management fee is based on a percentage of assets under management. The maximum annual management fee is 1.85% for a non-wrap account and 1.95% for a wrap account. The minimum annual management fee is 0.67% for a non-wrap account and 0.77% for a wrap account. The only exception to the maximum and minimum fees is related to the Howard Capital Management Ultra Aggressive investment model. Any client account invested in Howard Capital's Ultra Aggressive model is subject to a maximum annual management fee of 2.42% for a non-wrap account and 2.52% for a wrap account, and a minimum annual management fee of 1.42% for a non-wrap account and 1.52% for a wrap account, due to the significantly higher manager costs established by Howard Capital Management on their Ultra Aggressive investment model.

Additionally, Wealth Watch offers a discounted fee schedule based on the total value of the household's managed assets, as reported by the custodian. The only exception to the discounted fee schedule is in relation to the Howard Capital Management Ultra Aggressive investment model. Any household assets invested in the Ultra Aggressive model would not have those assets included in the calculation for household managed asset discounts, and any assets invested in the Ultra Aggressive model will not receive an automatic fee reduction when counted household assets reach the levels detailed below.



## WWA Fee Discount

Household Assets	Wrap Accounts	Non-Wrap Accounts
\$500,000–\$1,000,000 billed at	1.84%	1.74%
\$1,000,001–\$2,000,000 billed at	1.80%	1.70%
Over \$2,000,000 billed at	1.72%	1.62%

The overall fee is inclusive of Wealth Watch, the Sub-advisor, and the Wealth Watch registered investment representative fees. The overall fee is negotiable between each registered representative of Wealth Watch and their client within the parameters of the maximum and minimum fees. The exact fee totals will be disclosed in the IAA. The management and IAR fees are collected monthly in advance. The fees are based on the custodian reported account value as of the last business day of the previous month. The initial month's fee is prorated for the number of days remaining in the month. A per account technology fee of up to \$40 is assessed on an annual basis. This fee is used to offset the expense of client account technology access.

Wealth Watch's advisory fee may vary among different portfolios. Therefore, Wealth Watch may have a conflict of interest in selecting portfolios for which it receives a higher advisory fee than for portfolios with lower advisory fees. Wealth Watch's registered representatives do not receive direct compensation from the management fee portion of the advisory fee. Please note that the client may be able to obtain comparable services elsewhere at more favorable pricing.

The client authorizes the qualified custodian to automatically deduct the advisory fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for any unpaid balance and to establish a suitable cash balance in the account, as determined by Wealth Watch. Wealth Watch may modify the advisory fee at any time upon 30 days written notice to the client. If the client has an ERISA-governed plan, the fee modification must be approved in writing by the client.

Non-wrap fees are separate and distinct from brokerage commissions, transaction fees, and other related costs and expenses. Clients may choose to pay those fees individually, or they may participate in Wealth Watch's wrap fee program, which covers these expenses. Please see Appendix 1 (Wrap Brochure) for additional information.

Mutual funds exchange-traded funds and structure notes also charge internal management fees, as disclosed in a fund's prospectus, which are separate from the advisory fee.

Wealth Watch may offer a non-managed account option ("N.M.") to clients who wish to maintain certain securities outside of an investment model offered through Advisor. If a client elects to participate in an N.M. account, the client will direct all investment decisions. N.M. accounts may be included when making investment recommendations, preparing income plans, and making other related recommendations.

Wealth Watch may offer its management models to clients through a variable annuity offered by Nationwide. In addition to the above management fee schedule and the IAR fee, Nationwide assesses an



additional fixed monthly charge for the insurance portion of the annuity contract. This fee is paid directly to Nationwide, and neither Wealth Watch nor its registered investment representatives receive any portion of this fee. For clients who invest in a Wealth Watch model through Nationwide, Nationwide will act as the custodian of the account and will debit the account for any management or IAR fees in the agreed-upon manner.

**Important Disclosure—Custodian Investment Programs:** Please be advised that the Firm utilizes T.D. Ameritrade as its primary custodian, which is described in detail in Section 8 of this brochure. Under this arrangement, the Firm can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest that clients need to be aware of.

Please note the following: **Limitation on Mutual Fund Universe for Custodian Investment Programs:** Please note that as a matter of policy, we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. Nonetheless, if the Firm decides to take these 12b–1 fees in the future, please note the following: There are certain programs offered by our custodian in which the Firm participates that limit the types of mutual funds and mutual fund share classes to those in which our custodian has negotiated the receipt of 12b–1 and/or other revenue sharing fee payments from the mutual fund issuer or sponsor. As such, a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b–1 fees and other revenue sharing fee payments, and the client should be aware that the Firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client. Such fees are deducted from the net asset value of the mutual fund and, generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their IAR whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b–1 or revenue sharing fees given the client's individual needs and priorities, and anticipated transaction costs. Also, the receipt of such fees can create conflicts of interest in instances:

- (i) Where our IAR is also licensed as a registered representative of a broker-dealer and receives a portion of 12b–1 and or revenue sharing fees as compensation—such compensation creates an incentive for the IAR to use programs that utilize funds that pay such additional compensation; and
- (ii) Where the broker-dealer receives the entirety of the 12b–1 and/or revenue sharing fees and considers the receipt of such fees in terms of benefits, it may elect to provide compensation to the Firm, even though such benefits may or may not benefit some or all the Firm clients.

### **Selection of Other Advisors Fees**

Wealth Watch may use third-party money managers as sub-advisors or direct clients to third-party money managers. Third-party investment managers are compensated by Wealth Watch via a fee share, and this relationship is memorialized in an agreement between Wealth Watch and the third-party investment manager.

### **Termination of Services**

A client may terminate services for any reason within the first five (5) business days after signing the contract and receive a 100% refund of any fees paid without any cost or penalty. Thereafter, financial planning and investment management agreements may be terminated by either party by giving a ten (10)





day written notice. All client-initiated termination notices must be presented to Wealth Watch in writing. Upon receipt of the written notice, Wealth Watch will process a prorated refund of any unearned fees. The written notice of termination and refund request must be sent to Wealth Watch Advisors, LLC, 8310 South Valley Highway, Suite 107, Englewood, CO 80112. Wealth Watch initiated notices will be sent to the client's address of record.

After receiving or issuing a notice for termination of services as outlined above, client assets will remain at the custodian until the custodian receives instructions. The account will be held at the custodian and will not be managed by the Wealth Watch or its sub-advisors. The client will be directly responsible for any custodial fees or expenses assessed by the custodian.

### **Client Payment of Fees**

Wealth Watch requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the Firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying our custodian or us in writing. Wealth Watch will deduct advisory fees directly from the client's account provided that:

- (i) the client provides written authorization to the qualified custodian, and
- (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **External Compensation for the Sale of Securities to Clients**

Wealth Watch's advisory professionals are compensated primarily by Wealth Watch in the form of a percentage of fees they collect for the assets they attract to Wealth Watch's available investment models. Wealth Watch registered investment representatives may receive commission-based compensation for the sale of insurance products. This and other potential conflicts of interest are described in this brochure.

Also, from time to time, Wealth Watch initiates incentive programs for Wealth Watch's registered investment representatives. These programs may compensate them for attracting new assets and clients promoting investment advisory services. Wealth Watch may also initiate programs that reward representatives who meet total production criteria, participate in advanced training, and/or improve client service. Representatives who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance, shares of stock in Wealth Watch, and recognition trips. Wealth Watch's activities do not increase the Firm's fee.

Wealth Watch may pay bonuses to prospective Wealth Watch registered investment representatives or a third party to entice them to join Wealth Watch and transition their current clients. Prospective clients should be aware this practice may constitute a conflict of interest in that the recommendation to transition their advisory relationship to Wealth Watch may be viewed as being in the best interest of Wealth Watch and its registered investment representatives as opposed to the clients.

Wealth Watch may assist, both financial and technical, to potential registered investment representatives to offer Wealth Watch's portfolios through a solicitor's agreement. This assistance is limited to aiding with regulatory filings and responses (through outside resources), operational assistance, and favorable access to third-party product vendors that may assist them in servicing their clients.

#### **4. Performance-Based Fees and Side-by-Side Management**

Wealth Watch does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client) or perform side-by-side management. Therefore, this section is not applicable.

#### **5. Types of Clients**

Wealth Watch offers its services to individuals, trusts, estates, charitable organizations, corporations, or other business entities. Wealth Watch does not require a minimum account size to become a client; however, specific portfolios offered through third-party investment managers may require a minimum investment in order to be actively managed.

#### **6. Methods of Analysis, Investment Strategies, and Risk of Loss**

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

With respect to the Firm's financial planning services, it uses an individualized asset allocation method for each client. When deciding on the client's asset allocation, the Firm considers the client's risk tolerance, goals, investment objectives, and other data gathered during the client meetings. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance, and investment horizon among various asset classes. The asset classes typically include equities, fixed income, structure notes, and cash and equivalents. The risk associated with asset allocation is that each class has different risk levels and returns, so each will behave differently over time. Despite being diversified, there is no guarantee that an account will grow or that an account will not lose value.

Wealth Watch's Investment Committee routinely reviews existing and prospective third-party investment managers as well as existing and prospective individual securities for inclusion or continued access to the Wealth Watch platform. The Committee may use a variety of sources of data to conduct its economic, investment, and market analysis, such as past performance of the sub-advisor, the number of assets being managed, the experience of its analytical team, as well as the number of years the sub-advisor has been in existence. Also, the Committee may use other data such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by asset managers, corporate rating services, annual reports, prospectuses, and company press releases to assess a sub-advisor. It is important to keep in mind that there is no specific investment approach that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Wealth Watch and its third-party investment managers are responsible for identifying and implementing the analysis methods used in formulating investment recommendations to clients. The analysis methods may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria. Wealth

Watch may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Depending on the portfolio selected, the following methods of analysis may include:

- **Optimization:** Involves the use of mathematical algorithms to determine the appropriate mix of assets given the current capital market rate assessment and a particular client's risk tolerance.
- **Quantitative Analysis:** Measurement, performance evaluation, or valuation of a financial instrument. These factors can be used to predict real-world events such as changes in a share price. In broad terms, quantitative analysis is simply a way of measuring things. Examples of quantitative analysis include everything from simple financial ratios such as earnings per share to something as complicated as discounted cash flow or option pricing. Although quantitative analysis is a powerful tool for evaluating investments, it may not tell a complete story without the help of its opposite, qualitative analysis.
- **Qualitative Analysis:** Qualitative analysis uses subjective judgment to analyze a company's value or prospects based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers found in reports such as balance sheets. The two techniques, however, will often be used together to examine a company's operations and evaluate its potential as an investment opportunity.
- **Technical Analysis:** A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value but instead use charts and other tools to identify patterns that can suggest future activity. The risk associated with technical analysis is that there is no broad consensus among technical traders on the best method of identifying future price movements.
- **Tactical Asset Allocation:** An active management portfolio strategy that rebalances the percentage of assets held in various categories to take advantage of market pricing anomalies or strong market sectors. This strategy is designed to allow portfolio managers to create extra value by taking advantage of certain marketplace situations. It is a moderately active strategy because portfolio managers return to the portfolio's original strategic asset mix when desired short-term profits are achieved. The risk associated with tactical asset allocation is that each class has different risk levels and returns, so each will behave differently over time. There is no guarantee that moving additional assets into an asset class will grow a portfolio.
- **Computer Models:** Provides the opportunity to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company-specific metrics.

The securities held in various portfolios may be held for longer than one year or, in some instances, less than one year.

- **Long-term securities purchases:** Completed when there is an expectation that those securities' value will grow over a relatively long period, generally greater than one year. The risk associated with using a long-term purchase strategy is that it generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that the client is invested in or perhaps just that the client's particular investment will go down over time, even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost, "locking-up" assets that may be better utilized in the short term in other investments.

- **Short term securities purchases:** Completed with the expectation that they will be sold within a relatively short period, less than one year, to take advantage of the securities' short-term price fluctuations. The risk associated with using a short-term purchase strategy is that it generally assumes that the Firm or quantitative model can predict how financial markets will perform in the short-term, which may be very difficult and may incur a disproportionately higher amount of transaction costs compared to long-term trading. Many factors can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.). Still, short-term purchases may have a smaller impact over longer periods.

Wealth Watch may assist the client in selecting one or more appropriate third-party money manager(s) and/or sub-advisors for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Wealth Watch will consider when recommending managers to clients. A description of the criteria to be used in formulating a recommendation of a manager is set forth below. Wealth Watch has formed relationships with third-party vendors that:

- provide a technological platform for separate account management;
- prepare performance reports;
- perform trading;
- perform or distribute the research of individual securities and portfolio analysis; and
- perform billing and certain other administrative tasks.

Wealth Watch may utilize additional independent third parties to assist it in recommending and monitoring managers to clients as appropriate under the circumstances. Wealth Watch reviews certain quantitative and qualitative criteria related to managers and formulates investment recommendations to its clients.

Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks;
- an analysis of risk-adjusted returns;
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific periods, sector, and style analysis;
- the fund, sub-advisor, or manager's fee structure; and
- the relevant portfolio manager's tenure.

Qualitative criteria used in selecting/recommending managers include:

- the investment objectives;
- management style and philosophy;
- manager's consistency of investment style;
- employee turnover and efficiency and capacity; and
- professional designation in the industry.

Wealth Watch reviews quantitative and qualitative criteria related to managers regularly as appropriate under the circumstances. Also, managers are reviewed to determine the extent to which their investments reflect efforts to time the market or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the manager by Wealth Watch (both of which are negative factors in implementing an asset allocation structure).

Wealth Watch may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with a minimum level of assets committed to the manager for specific periods, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees or that all clients, even if similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can impact fees given the funds or managers utilized. Wealth Watch will endeavor to obtain equal treatment for its clients with funds or managers but cannot assure equal treatment. Wealth Watch will regularly review the activities of managers utilized for the client. Clients that engage managers should first review and understand the disclosure documents for those managers, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Copies of these documents are available on Wealth Watch's website and may also be provided by a Wealth Watch registered investment representative.

#### **Recommended Securities and Investment Risks**

Wealth Watch primarily uses exchange-traded funds and mutual funds in its portfolios. Other securities may be held in accounts at the client's request.

All investments that bear different types and degrees of risk and invest in securities involve risk of loss that clients should be prepared to bear. While Wealth Watch uses investment strategies designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risk and reward to achieve investment objectives. Clients are encouraged to ask questions about risks that he or she does not understand. The Firm will be pleased to discuss them.

Wealth Watch strives to render its best judgment on behalf of its clients. Still, it cannot assure or guarantee clients that investments will be profitable or ensure no losses will occur in an investment portfolio. Past performance is an important consideration for any investment but is not a reliable predictor of future performance. The Firm continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect an investment portfolio's performance.

An investment can lose money over short or even long periods. A client should expect their account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be negatively impacted by:

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial conditions that result in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of a client's assets.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities and may lose value because of adverse

political, social, or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. Also, foreign investments are subject to settlement practices and regulatory and financial reporting standards that differ from those of the U.S.

- **Liquidity risk:** One common risk associated with private placement REITs and certain ETFs is a relative lack of liquidity due to the investment's highly customized nature. Moreover, the full extent of returns is often not realized until maturity. Because of this, these products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.
- **Manager risk:** The risk of various securities components may cause the client's account to underperform compared to a benchmark or other accounts with a similar investment objective.
- **Portfolio Concentration:** Accounts that are not diversified among a wide range of types of securities, countries, or industry sectors may have more volatility and are considered to have more risk than accounts that are invested in a greater number of securities because changes in the value of a single security may have more of a significant effect, either negative or positive. Accordingly, portfolios are subject to more rapid changes in value than would be the case if the client maintained a more diversified portfolio.
- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

Each strategy offered through Wealth Watch Third-party Investment Manager model's may or may not invest in one or more of the following classes of securities. Each has unique risk features that should be understood. Equity Securities investing in individual companies involves inherent risk. The major risks related to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). In addition to the general risks of equity securities, foreign securities have geopolitical risk, financial transparency risk, currency risk, regulatory risk, and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. Also, mutual funds tend to be tax-inefficient, and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund. Mutual funds also carry additional internal fees and expenses, separate from advisory fees assessed by the Firm, that may reduce gains and increase losses experienced by the client.

### **Exchange-Traded Funds ("ETFs")**

ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. The difference between the Bid price and the Ask price is often referred to as the "spread." The spread varies over time, based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a large trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs



are registered as an investment company under the Investment Company Act of 1940, like traditional mutual funds, some ETFs, particularly those that invest in commodities, is not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.

#### **Leveraged and Inverse ETFs and Mutual Funds**

Leveraged ETFs and mutual funds, sometimes labeled "ultra" or "2x," for example, are designed to provide a multiple of the underlying index's return, typically daily. Inverse products are designed to provide the opposite of the return of the underlying index, typically daily. These products are different from and can be riskier than traditional ETFs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as a tracking error. Continual resetting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. Also, compounding of the returns can produce a divergence from the underlying index over time, particularly for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. These products use a range of strategies to accomplish their objectives, including swaps, futures contracts, and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs and mutual funds.

#### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have ten years or greater maturities, they will likely have greater price swings when interest rates move up or down. The shorter the maturity, the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have ten years or greater maturities, they will likely have greater price swings when interest rates move up or down. Volatility is less when there is a shorter maturity with less volatile price swings. Foreign bonds also have liquidity and currency risk. Commercial paper and certificates of deposit are generally considered safe instruments. However, they are subject to the level of general interest rates, the issuing bank's credit quality, and the length of maturity. Concerning certificates of deposit, depending on the length of maturity, there can be prepayment penalties if the client needs to convert the certificate of deposit to cash before maturity.

#### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level. Certain municipal bonds may be taxable in individual states other than the state in which both the investor and the municipal issuer are domiciled.



**Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable interest rate and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of fewer than nine months. Corporate debt securities may be registered and sold in the United States by foreign issuers (Yankee bonds) or sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

**Variable Annuities**

Wealth Watch offers a variable annuity model through Nationwide. The investment selections for the variable annuity may be limited to the choices offered through the specific product. Specifics regarding the annuity are found in the annuity prospectus and application documents. Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump-sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risks similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

Offerings through Wealth Watch may employ certain financial strategies as part of their investment strategy. Each of these strategies has a unique risk associated with them.

**Margin Leverage**

Although Wealth Watch does not recommend the use of leverage to all clients, please be advised that if a client invests in a model that utilizes margin leverage, either through direct margin or through the use of investments that employ margin leverage, the risk involved is as follows: The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors can control \$2 of a security for \$1. So, if a security price rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, the investor loses 50% of their investment. The use of margin leverage entails borrowing which results in additional interest costs to the investor. Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the underlying collateral security value with an absolute minimum dollar requirement. For example, if the price of a security decline in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. When leverage is utilized, and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above. Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Certain money managers and investment models may offer ETFs and/or mutual funds that utilize leverage, either positive or negative, as a normal part of their investment philosophy. Information on this practice may be obtained from the ETF's or mutual fund's prospectus.

### **Short-Term Trading**

Although Wealth Watch, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following: There is an inherent risk for clients who frequently trade in that high-frequency trading creates substantial transaction costs that, in the aggregate, could negatively impact account performance.

### **Short Selling**

Wealth Watch generally does not engage in short selling but reserves the right to do so if it is deemed necessary. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is affected, the investor expects the security price to decline in value so that purchase or closeout of the short sale can be affected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and domestic and foreign market trading activity trends, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends. There is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance. Some market timing strategies that are employed are designed to be reactive indicators and are not designed to avoid all losses.

### **Structured Products**

Structured products are investments derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the referenced asset. Structured products are a senior unsecured debt of the issuing bank and subject to that issuer's credit risk. This credit risk exists whether or not the investment held in the account offers principal protection. The issuer's creditworthiness does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. Also, the trading price of the security in the secondary market, if there is one, maybe adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, and others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee.

Also, the principal guarantee relates to the nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero-coupon bond, or option. There may be little or no secondary market for the securities, and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may differ from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured C.D.s that are insured by the FDIC are subject to applicable FDIC limits.

**Limited Partnership – CIM Opportunity Zone Fund**

The CIM Opportunity Zone Fund is a limited partnership primarily focusing on real estate investments in a qualified Opportunity Zone pursuant to the Opportunity Zone Act. Investment in this fund is restricted to Qualified Investors. To qualify as a Qualified Investor, an individual must have earned income exceeding \$200,000 annually, or \$300,000 when combined with a spouse during each of the previous two full calendar years, and a reasonable expectation of the same for the current year. Also, the investor must have a net worth greater than \$1 million (either individually or combined with a spouse), excluding the primary residence.

Opportunity Zones were conceived as part of an innovative approach to spurring long-term private sector investments in high-potential communities nationwide. Congress established the Opportunity Zones incentives in the Tax Cuts and Jobs Act of 2017. By receiving favorable tax treatment, qualified investors are now incentivized to deliver new or “substantially improved “ assets to neighborhoods designated as Opportunity Zones. Opportunity Zones should spur economic growth and bring new jobs and businesses to up-and-coming communities. An investment in Limited Partnership is risky and only appropriate for individuals with a high-risk tolerance.

**Outside Custody of Assets**

Wealth Watch does allow discretionary assets to be custodied outside of TD in a small number of pre-approved cases. This is permitted in order to accommodate account registration types that are not compatible with the TD Ameritrade Institutional platform and where Wealth Watch’s approved third-party investment managers also offer account management services.

**Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and, therefore, less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain but also offer the potential for significant loss.

**7. Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events within the past ten years that would be material to a client's evaluation of Wealth Watch or its management's integrity. Wealth Watch, as a firm, has no information applicable to this item because it has not been the subject of any administrative, civil, criminal, regulatory (SEC or State), or self-regulatory proceedings.

**8. Other Financial Industry Activities and Affiliations**

Neither Wealth Watch nor its representatives are registered as a broker/dealer, commodity Firm, commission merchant, commodity pool operator, or commodity trading firm, and Wealth Watch does not have an application to register pending.

Wealth Watch and your registered investment representative may serve as solicitors for or recommend clients to a SAM Program adviser. Wealth Watch and its registered investment representatives are compensated for referring your advisory business to any SAM Program adviser. This compensation

generally takes the form of the third-party investment adviser sharing with Wealth Watch and your registered investment representative a portion of the advisory fee the SAM Program adviser charges you for providing investment management services. Wealth Watch and your registered investment representative, therefore, have a conflict of interest to refer clients to those SAM Program advisers that pay referral fees to Wealth Watch and your registered investment representative rather than those that do not. Additionally, Wealth Watch and your registered investment representative have a conflict of interest to refer clients to those SAM Program advisers that pay higher referral fees over those that pay lower referral fees. Through its Investment Committee, Wealth Watch performs reasonable due diligence on these third-party investment advisers on an initial and ongoing basis. Clients who are referred to these SAM Program advisers will receive a separate written disclosure document that describes, among other things, the compensation that will be paid to Wealth Watch and the registered investment representative by the SAM Program adviser, as well as any amount to be charged to the client that is in addition to the advisory fee that the client would otherwise pay to the SAM Program adviser in exchange for the referral.

### **Wealth Watch Partners**

David Shields is a licensed insurance agent and President and Chief Executive Officer of Wealth Watch Partners, a financial planning firm and insurance marketing firm. From time to time, he may offer clients advice or recommend insurance products through Wealth Watch Partners and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that Wealth Watch strives to put its clients' interests first and foremost. Clients are in no way required to implement a plan through any representative of Wealth Watch Partners. Other than insurance products requiring a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to licensed agents to offer both securities and insurance products.

Please be advised that there is a potential conflict of interest in that there is an economic incentive for Mr. Shields to encourage Registered investment representatives of Wealth Watch Advisors to become affiliated with Wealth Watch Partners and for insurance agents affiliated with Wealth Watch Partners to register with Wealth Watch Advisors. Neither Wealth Watch Partners, Mr. Shields, or Wealth Watch Advisors incentivizes or offers any inducement for agents or Registered investment representatives to affiliate with either organization. Clients are in no way required to implement a plan or purchase any insurance products through any representative of Wealth Watch Partners.

William Gastl is a shareholder and board member of Wealth Watch Partners. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that Wealth Watch strives to put its clients' interests first and foremost. Clients are in no way required to implement a plan through any representative of Wealth Watch Partners. Other than insurance products requiring a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to licensed agents to offer both securities and insurance products.

Please be advised that there is a potential conflict of interest in that there is an economic incentive for Mr. Gastl to encourage Registered investment representatives of Wealth Watch Advisors to become affiliated with Wealth Watch Partners and for insurance agents affiliated with Wealth Watch Partners to register with Wealth Watch Advisors. Neither Wealth Watch Partners, Mr. Gastl, or Wealth Watch Advisors incentivizes or offers any inducement for agents or Registered investment representatives to

affiliate with either organization. Clients are in no way required to implement a plan or purchase any insurance products through any representative of Wealth Watch Partners.

John Lynch is a shareholder of Wealth Watch Partners. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that Wealth Watch strives to put its clients' interests first and foremost. Clients are in no way required to implement a plan through any representative of Wealth Watch Partners. Other than insurance products requiring a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to licensed agents to offer both securities and insurance products.

Please be advised that there is a potential conflict of interest in that there is an economic incentive for Mr. Lynch to encourage Wealth Watch registered investment representatives to become affiliated with Wealth Watch Partners and for insurance agents affiliated with Wealth Watch Partners to register with Wealth Watch Advisors. Neither Wealth Watch Partners, Mr. Lynch, or Wealth Watch Advisors incentivizes or offers any inducement for agents or Registered investment representatives to affiliate with either organization. Clients are in no way required to implement a plan or purchase any insurance products through any representative of Wealth Watch Partners.

#### **Retire Me Right**

Mr. Lynch is the creator of the Retire Me Right educational and marketing program. Through this program, Registered investment representatives of Wealth Watch offer educational workshops to prospective clients based on a series of lesson plans developed by Mr. Lynch. Mr. Lynch is compensated via a percentage of insurance commissions generated by attendees who purchase insurance products. Please be advised that there is a potential conflict of interest in that there is an economic incentive for Mr. Lynch to encourage a Wealth Watch registered investment representative to use the Retire Me Right program.

The use of Retire Me Right is not a condition of association with Wealth Watch, its registered investment representatives are not required to use the Retire Me Right program, and Wealth Watch does not receive any compensation for having registered investment representatives enrolled in the program.

#### **Brokers Choice of America**

Tyrone Clark is a licensed insurance agent and President of Brokers Choice of America, a financial planning firm and insurance marketing firm/insurance agency. Registered investment representatives of Wealth Watch Advisors may be affiliated with Brokers Choice of America. Please be advised that there is a potential conflict of interest in that there is an economic incentive for Mr. Clark to encourage Registered investment representatives of Wealth Watch Advisors to become affiliated with Brokers Choice of America and for insurance agents affiliated with Brokers Choice of America to register with Wealth Watch Advisors. Neither Brokers Choice of America, Mr. Clark, or Wealth Watch Advisors incentivizes or offers any inducement for agents or Registered investment representatives to affiliate with either organization. Clients are in no way required to implement a plan or purchase any insurance products through any representative of Brokers Choice of America. Other than insurance products requiring a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to licensed agents to offer both securities and insurance products.

#### **FinArch Consultants**

Wealth Watch and FinArch Consultants have entered into an agreement whereby FinArch Consultants provides operational and back-office support for Advisor's investment management services. FinArch Consultants neither provides investment advice nor refers clients to Wealth Watch. However, client information may be provided to FinArch for them to fulfill their contractual obligations to Wealth Watch.

**Coppell Capital Management**

Wealth Watch and Coppell Capital Management (DBA Fusion Capital Management) "Fusion Elements" entered into an agreement where Fusion Elements provides operational and back-office support for Advisors of Wealth Watch and internal Wealth Watch staff. Additionally, Wealth Watch and Fusion Elements will enter into an agreement whereby Fusion Elements provides administrative software and functionality for Advisor account management, billing, performance, and back-office support as a replacement for the former Orion API Advisory Technology, in addition to the services and tools already provided by Fusion Elements previously. Fusion Elements neither provides investment advice nor refers clients to Advisor. However, Wealth Watch client information may be provided to Fusion Elements to fulfill their contractual obligations to Wealth Watch.

**Insurance & Other Activities**

Certain registered investment representatives of Wealth Watch may offer insurance solutions to their clients. Wealth Watch does not require its representatives to use any specific insurance company, agency, or Field Marketing Organization services. Investment advisory representatives may recommend that a client or potential client purchase a commission-based insurance product. This represents a conflict of interest in that the commission received may be more than the advisory fees received if a non-commission-based solution was recommended. Additionally, some insurance marketing organizations that an adviser is affiliated with may offer various forms of cash and/or non-cash compensation based on certain production levels or specific products. This creates a conflict of interest in that the adviser may recommend an insurance solution or a specific insurance product over another insurance product based on achieving these incentive levels.

Additionally, certain investment advisor representatives of Wealth Watch may be engaged in other business activities that are separate and distinct from their duties as an investment advisor representative of Wealth Watch. You should carefully review the ADV Part 2B of any investment advisor representative before engaging them for advisory services to identify potential conflicts of interest. If you have not received the ADV Part 2B from your investment advisor representative, please contact Wealth Watch, and one will be provided to you free of charge.

**T.D. Ameritrade**

Wealth Watch and T.D. Ameritrade (TDA) has entered into an agreement whereby TDA provides trading, operational, and back-office support for Advisor's investment management services. Although TDA is an investment advisor, it neither provides investment advice nor refers clients to Wealth Watch. However, Wealth Watch client information may be provided to TDA to fulfill their contractual obligations to Wealth Watch.

Many of Wealth Watch's registered investment representatives are licensed, independent insurance agents. From time to time, representatives will offer clients advice or products from this activity. Wealth Watch always acts in the best interest of the client. Clients are in no way required to implement a plan through any representative of Wealth Watch in their capacity as an insurance agent.



Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that Wealth Watch strives to put its clients' interests first and foremost. Other than insurance products requiring a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to security licensed agents to offer both securities and insurance products.

## 9. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Description

Wealth Watch's Code of Ethics establishes ethical conduct principles upon fundamental principles of openness, integrity, honesty, and trust. Wealth Watch will provide a copy of the Code of Ethics to any client or prospective client upon request.

Wealth Watch's Code of Ethics covers all supervised persons, and it describes our high standard of business conduct and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor-mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. The owners and all other supervised persons who work for Wealth Watch must acknowledge the Code of Ethics terms annually or as amended.

### Material Interest in Securities

Wealth Watch does not engage in principal trading (i.e., the practice of selling stock to advisory clients from the Firm's inventory or buying stocks from advisory clients into the Firm's inventory). Also, Wealth Watch does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### Investing in and Recommending the Same Securities

Wealth Watch, its affiliates, employees, and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients per its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to front-running practice (trading ahead of the client), which Wealth Watch specifically prohibits. Wealth Watch has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures are as follows. Wealth Watch will:

- require our advisory representatives and employees to act in the client's best interest;
- prohibit fraudulent conduct in connection with the trading of securities in a client account;
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions;
- prohibit the Firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions;
- allocate investment opportunities fairly and equitably; and



- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the client's expense.

Advisory representatives and employees must follow Wealth Watch's procedures when purchasing or selling the same securities purchased or sold for the client.

Advisor, its affiliates, employees, and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their accounts that differ from those recommended or affected for other Wealth Watch clients. Wealth Watch will make a reasonable attempt to trade securities in client accounts at or before trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the Wealth Watch policy to place the clients' interests above those of Wealth Watch and its employees.

## 10. Brokerage Practices

### Recommendation Criteria

Wealth Watch may recommend that clients establish brokerage accounts with T.D. Ameritrade Institutional, a division of T.D. Ameritrade, Inc., or Nationwide (collectively hereinafter "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Wealth Watch may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Wealth Watch is independently owned and operated and not affiliated with the custodian. For Wealth Watch client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Wealth Watch considers the financial strength, reputation, operational efficiency, cost, execution capability, customer service level, and related factors in recommending broker-dealers or custodians to advisory clients. Please be advised that Wealth Watch may receive certain benefits from participating in programs offered by the custodian.

In certain instances, and subject to approval by the Firm, Wealth Watch will recommend to the client's certain other broker-dealers and/or custodians based on the needs of the individual client and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Wealth Watch will be made by and at the client's sole discretion. The client recognizes that broker/dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities concerning the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

**Note:** Clients may be able to obtain lower commissions and fees from other brokers, and the value of products, research, and services given to the applicant is not a factor in determining the selection of broker/dealers or the reasonableness of their commissions.

### Research and Soft Dollars

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services, such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm, in return, can agree to use some of its revenue to pay for these types of services. As disclosed above, Wealth Watch participates in T.D. Ameritrade's institutional customer program and Wealth Watch may recommend T.D. Ameritrade to clients for custody and brokerage services. There is no direct link between Wealth Watch's participation in the program and the investment advice it gives to its clients, although Wealth Watch receives economic benefits through its participation in the program that is typically not available to T.D. 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 Wealth Watch 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 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 Wealth Watch by third-party vendors. T.D. Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by T.D. Ameritrade through the program may benefit Wealth Watch but may not benefit its client accounts. These products or services may assist Wealth Watch in managing and administering client accounts, including accounts not maintained at T.D. Ameritrade. Other services made available by T.D. Ameritrade is intended to help Wealth Watch manage and further develop its business enterprise. The benefits received by Wealth Watch or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to T.D. Ameritrade. As part of its fiduciary duties to clients, Wealth Watch endeavors at all times to put the interests of its clients first. However, clients should be aware that the receipt of economic benefits by Wealth Watch or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Wealth Watch's choice of T.D. Ameritrade for custody and brokerage services.

#### **Brokerage for Client Referrals**

Wealth Watch does not receive client referrals or any other incentive from any broker-dealer or custodian.

#### **Directed Brokerage**

Some clients may direct the Firm to use a specific broker-dealer to execute securities transactions for their accounts. When so directed, Wealth Watch may not be able to execute the best execution on clients' transactions effectively.

#### **Best Execution**

Best Execution—Wealth Watch, according to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold and the amount of such securities. Wealth Watch recognizes that the analysis of execution quality involves several factors, both qualitative and quantitative. Wealth Watch will follow a process to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker;
- The efficiency with which the transaction is affected;

- The availability of the broker to stand ready to affect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance, and settlement;
- Block trading and positioning capabilities;
- Performance measurement;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- Commission rates;
- The economic benefit to the client; and
- Related matters involved in the receipt of brokerage services.

Consistent with its fiduciary responsibilities, Wealth Watch seeks to ensure that clients receive the best execution concerning clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Wealth Watch's knowledge, these custodians provide high-quality execution, and Wealth Watch clients do not pay higher transaction costs in return for such execution. Commission rates and securities transaction fees charged to affect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its knowledge of the securities industry, Wealth Watch believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

#### **Solicited Asset Manager**

Clients that elect to participate in a SAM Program should understand that all transactions through the SAM Program are not transacted through Wealth Watch. Clients should understand that Wealth Watch does not evaluate whether a SAM Program adviser is meeting its best-execution obligations to clients, as it is not a party to those transactions and is not able to negotiate the prices obtained or transaction-related charge(s) assessed between the Manager and the executing broker or dealer. Clients participating in the SAM Program should carefully review the respective Manager's Form ADV Disclosure Brochure before deciding to do business with any particular SAM Program adviser. Among other things, the adviser's Brochure must disclose the adviser's conflicts and various sources of compensation, and best execution policies and practices.

#### **Security Allocation**

Since Wealth Watch may manage accounts with similar investment objectives, Wealth Watch may aggregate security orders for such accounts. In such an event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Wealth Watch in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Wealth Watch allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, considering their best interests. Wealth Watch will follow procedures to ensure that allocations do not involve the practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations. Wealth Watch's advice to certain clients and entities and the action of Wealth Watch for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances.

Thus, any action of Wealth Watch for a particular investment may, for one client, differ or be opposed to the recommendation, advice, or actions of Wealth Watch to or on behalf of other clients.

**Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed, and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step-outs, pay a pro-rata portion of commissions. To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interest of other accounts, then the trade will only be performed for that account. This is true even if Wealth Watch believes that a larger size block trade would lead to the best overall price for the security being transacted.

**Allocation of Trades**

All allocations will be made before the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled." Wealth Watch acts per its duty to seek the best price and execution and will not continue any arrangements if Wealth Watch determines that such arrangements are no longer in its clients' best interest.

Wealth Watch has partnered with a third party to facilitate certain trading functions such as allocating trades, blocking, and aggregation. The third-party follows the above trading guidelines, and Wealth Watch reviews their activity on a consistent and ongoing basis.

**Trading and Transacting Best Practices**

All requests related to trades or transactions within both Managed and Non-Managed accounts at TD Ameritrade are required to be submitted in writing through the Operations Team at Wealth Watch using the correct process. In other words: clients, Advisors, and Advisor office staff members should not trade or transact within accounts directly at TD Ameritrade over the phone or online. Trading or transacting includes liquidating assets, initiating one-time or scheduled distributions or withdrawals, and submitting any buy or sell trade instructions. Similarly, instructions to exclude an asset from trading within a Managed account should be delivered in writing from the client to their Advisor and subsequently in writing from the Advisor to the Operations Team at Wealth Watch using the correct process. Failure to adhere to the required best practices may result in trade errors with potential negative costs to Wealth Watch depending on market conditions. Wealth Watch may not be obligated to correct trades or to absorb the negative cost of trade errors related to a violation of trading and transacting best practices. Specifically, any negative cost to Wealth Watch as a result of a trade error caused by a client may be charged to the client's TD Ameritrade account at the discretion of Wealth Watch. Any negative cost to Wealth Watch as a result of a trade error caused by an Advisor may be deducted from the Advisor's monthly fee payment at the discretion of Wealth Watch.

**11. Review of Accounts**

Accounts are reviewed by the account's IAR and Advisor's Chief Compliance Officer and/or delegate(s). The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in

the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in the macroeconomic climate.

Financial planning clients receive their financial plans and recommendations at the time service is completed. Financial plans are reviewed by the Chief Compliance Officer, or designee, before delivery to clients. There are no post-plan reviews unless the client requests one. The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of a Wealth Watch client.

## 12. Client Referrals and Other Compensation

There may be Economic Benefits provided to the Advisory Firm from External Sources and Conflicts of Interest relationships where Wealth Watch may enter into contractual agreements to act as a solicitor permitted by Rule 206(4)3 of the Investment Advisers Act of 1940 ("Act"). According to these agreements, Wealth Watch receives compensation for referring prospective clients to third-party investment managers. Such arrangements will comply with the cash solicitation requirements under the Investment Advisers Act of 1940. Generally, these requirements necessitate the solicitor to have a written agreement with the referral partner. The solicitor must provide the client with a disclosure document describing the fees it receives from the referral partner, whether those fees represent an increase in fees that the referral partner would otherwise charge the client, and/or whether affiliation exists between Wealth Watch and the referral partner.

Wealth Watch will provide prospective clients with all applicable written disclosures required by the Act or as otherwise required by state or federal securities regulatory authorities.

### Advisory Firm Payments for Client Referrals

Wealth Watch may enter into agreements with solicitors who will refer prospective advisory clients to Wealth Watch in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)–3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Wealth Watch.

The solicitor must provide the client with a disclosure document describing the fees it receives from Wealth Watch, whether those fees represent an increase in fees that Wealth Watch would otherwise charge the client, and whether affiliation exists between Wealth Watch and the solicitor.

Please be advised that the Firm may employ internal and external recruiters ("Recruiters") whose primary responsibility is to recruit and employ qualified IAR candidates. In this regard, the Recruiters are paid a percentage of the aggregate revenue generated by the recruit's advisory clients, provided such recruit:

- a. joins Wealth Watch as an IAR and
- b. has their clients establish an investment advisory relationship with Advisor.

Please note that the recruiters' recommendations to qualified IAR candidates may entail the offer of economic benefits to entice the candidate to join Wealth Watch.

This practice creates a conflict of interest in that any recommendations received to establish an investment advisory relationship with Wealth Watch may be motivated by IAR's economic self-interest rather than what may be in the advisory client's best interest. Please note the client pays no additional fee as a result of any fee paid to the recruiters by Wealth Watch. We manage these conflicts by disclosing

such conflict to our prospective clients and ensuring that our clients' advice is formulated with the clients' best interests in mind.

### **Expense Reimbursements**

Wealth Watch may, from time to time, receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements is not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. The Firm attempts to control this conflict by always basing investment decisions on the individual needs of our clients.

### **13. Indirect Custody**

All client funds, securities, and accounts are held at third-party custodians. Wealth Watch does not take possession of a client's funds, securities, or accounts. However, each portfolio management client will be asked to authorize the Firm to deduct its fees directly from the client's account. The client's custodian will also send an account statement on at least a quarterly basis, indicating the amount of fees withdrawn from the client's account.

Clients may authorize Wealth Watch to execute the movement of client funds to or from third-party sources for the client's benefit by using a standing letter of authorization ("SLOA"). If a client elects to use an SLOA, the Firm is viewed to have custody of those assets. The Firm and its custodians have implemented multiple safeguards when a client uses an SLOA, as outlined in [SEC No-Action Letter 022117](#). Wealth Watch urges clients to carefully review their statements and notify the Firm of any discrepancies as soon as possible.

### **14. Investment Discretion**

Wealth Watch offers discretionary investment management services. The discretionary investment management is granted when a client signs an investment advisory agreement. The investment management agreement contains a limited power of attorney that allows the Firm to select the securities along with the amount and time those securities are bought and sold. It also allows the Firm to delegate its discretionary authority to Third-Party Investment Advisor. In all cases, however, this discretion is to be exercised consistently with the stated investment objectives for the particular client account and any other investment policies, limitations, or restrictions.

### **15. TD Retail Account Conversions**

Wealth Watch client accounts held at TD Ameritrade Institutional may be converted to TD Retail at Wealth Watch's discretion. A TD Retail account conversion removes Wealth Watch authorization and management services from the client account, including trading discretion, billing permission, and online visibility. Circumstances prompting a TD Retail account conversion may include but are not limited to the





failure of a client to respond to their Advisor, complete necessary Wealth Watch contractual paperwork, comply with compliance requirements, and adhere to the trading and transacting best practices and the like. An account may also be converted to TD Retail if the assigned Advisor is no longer associated with Wealth Watch. After a TD Retail conversion, clients may receive a written notice from Wealth Watch and receive a welcome letter from TD Retail directly to their record address. TD Ameritrade remains the underlying custodian, and clients retain their account ownership and access throughout the transition.

### 16. Voting Client Securities

Wealth Watch does not take discretion concerning voting proxies on behalf of its clients. Wealth Watch will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election, or similar actions solicited by, or concerning, issuers of securities beneficially held as part of Wealth Watch supervised and/or managed assets. In no event will Wealth Watch take discretion concerning voting proxies on behalf of its clients. Except as required by applicable law, Wealth Watch will not be obligated to render advice or take any action on behalf of clients concerning assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies. From time to time, securities held in clients' accounts will be the subject of class-action lawsuits. Wealth Watch has no obligation to determine if the client's securities are subject to a pending or resolved class-action lawsuit.

Wealth Watch also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Wealth Watch has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured due to actions, misconduct, or negligence by the corporate management of issuers whose securities are held by clients. Where Wealth Watch receives written or electronic notice of a class-action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

### 17. Financial Information

Wealth Watch does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, this section is not applicable.

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about the Advisor's financial condition. Wealth Watch has no financial commitment that impairs its ability to service its clients.

Wealth Watch has not been the subject of a bankruptcy proceeding.