

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



**WEALTH MANAGEMENT  
SOLUTIONS**

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**March 20, 2023**

**This brochure provides information about the qualifications and business practices of Wealth Management Solutions LLC. If you have any questions about the contents of this brochure, please contact us at (610) 524-7031 or via email at [th@wmsplan.com](mailto:th@wmsplan.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about Wealth Management Solutions LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Statement of Material Changes**

Wealth Management Solutions LLC (“WMS” or “the Firm”) is required to disclose any material changes to this ADV Part 2A here in Item 2. There have been no material changes to this Firm Brochure since our last Form ADV Part 2A dated March 14, 2022.

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## INFORMATIONAL BROCHURE

### WEALTH MANAGEMENT SOLUTIONS, LLC

#### **Item 4: Advisory Business**

##### A. Information About the Firm.

Wealth Management Solutions, LLC (“WMS”) has been in business since September 2015. The principal owners of the Firm are Silver Birch Partners, LLC, which is owned by M. Tanu Happonen, and M.L. Hopkins & Co., LLC, which is owned by the Martin L. Hopkins Revocable Trust.

##### B. Types of Advisory Services WMS Offers

WMS provides asset management services, which frequently include financial planning services, though planning is also offered on a stand-alone basis. We typically work with individuals, families, trusts, and pension plans, but are available to provide investment advice and financial planning services to charitable organizations, foundations, and corporations.

#### **Asset Management**

When working with a new client, WMS seeks to be a long-term partner in that client’s wealth preservation and accumulation. Our engagement process begins with gathering information from the client regarding their current financial circumstances. WMS then reviews this information and provides to the client a preliminary proposal of recommendations and action items. This may result in the delivery of a written financial plan, but may also be a brief summary presented to the client, depending on the specific needs. WMS relies upon the client to inform us whenever they have changes in their financial situation or investment objectives so we can review advice previously provided and the client’s investments.

Many of our clients are small business owners, with somewhat complex concerns as to family issues, estate and tax concerns, and wealth accumulation towards specific goals. This means that a computer-generated program is not going to meet the client’s needs, and most importantly, will not allow for the kind of partnership that we believe gives that business owner client the best chance at reaching their goals. Therefore, the WMS approach is to provide a responsive resource to clients, which means providing service in the form of thoughtful asset management which requires significant input at both inception of the relationship and on an ongoing basis from both the client and adviser. We believe this approach most assists us in developing the customized portfolio required by each client’s unique goals and objectives.

When we perform asset management services, we do so on a discretionary basis, which means we communicate with clients regarding changes in circumstances, goals, and objectives, and we do not seek specific approval of changes to client accounts. Clients can always make deposits or withdrawals, or place restrictions on the types of investments in an account or portfolio. Because we take discretion

when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and WMS. Specific investment changes will be implemented by WMS, or in the case of assets managed by a third-party manager, by such third-party manager. WMS retains the discretion to hire and fire any third-party manager without obtaining the client's consent, if such an action is consistent with the client's investment objectives.

### **Use of Third-Party Managers**

For some clients, WMS selects certain Third-Party Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a Third-Party Manager is engaged will be set forth in a separate written agreement with the designated Third-Party Manager. In addition to this brochure, clients will also receive the written disclosure documents of the respective Third-Party Managers engaged to manage their assets. WMS evaluates various information about Third-Party Managers, which includes the Third-Party Managers' public disclosure documents, materials supplied by the Third-Party Managers themselves and other third-party analyses WMS believes are reputable. To the extent possible, WMS seeks to assess the Third-Party Managers' investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. WMS also takes into consideration each Third-Party Manager's management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors. WMS continues to provide services relative to the discretionary selection of the Third-Party Managers. On an ongoing basis, WMS monitors the performance of those accounts being managed by Third-Party Managers. WMS seeks to ensure that the Third-Party Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Rollover Recommendations**

For clients who are participants in a retirement plan, we will evaluate whether it is in their best interest to "roll over" their plan account to an individual retirement account ("IRA"), move their assets to a different retirement plan, leave the plan as is, or reallocate the assets in the plan account. WMS will generally earn a fee if the client elects to rollover the plan account or to contract with WMS for the provision of investment advice on the plan account assets. This creates a conflict of interest and an incentive for WMS to recommend a rollover rather than leaving the account as is. WMS discloses this conflict, advises the client of its fiduciary status, and documents the rationale for any rollover recommendation.

### **Other Securities Fees**

All fees paid to WMS for investment advisory services are separate and distinct from the fees and expenses charged by custodians, mutual fund companies and other third parties, including but not limited to management fees, incentive fees, private fund expenses, mutual fund sales charges and expenses, and commissions on trades charged by broker dealers.

## **Financial Planning**

For clients with assets under management at WMS in excess of \$500,000, financial planning services are generally offered as part of the asset management process. For clients below that minimum or clients who do not yet wish to place assets under management, financial planning is offered on a stand-alone basis, which means the financial planning services are performed separately, for a separate and additional fee. Each financial planning engagement involves a review of a number of factors, which can include life goals, tax status and planning, estate planning, retirement concerns and planning for education needs. The plan WMS ultimately produces is intended to be a suggested blueprint of how to meet the goals the client presents. In many cases, the client will then elect to have WMS provide asset management services, though they are under no obligation to do so.

## **Non-Investment Consulting/Implementation Services**

In some circumstances, WMS provides consulting services requested by the client regarding matters which do not relate directly to investment advice, such as estate planning, tax planning, insurance, etc. Neither WMS nor any of its representatives serves as an attorney, accountant, or licensed insurance agent, and no portion of WMS's services should be construed as legal, tax, or similar professional advice. If the client requests, WMS will recommend the services of other professionals for implementation purposes. Clients are under no obligation to engage the services of any such recommended professional, retain absolute discretion over all such implementation decisions, and are free to accept or reject any recommendation from WMS. If a client engages any professional recommended by WMS and a dispute arises thereafter relative to such engagement, the client must seek recourse exclusively from and against the engaged professional.

## **Pension Consulting**

Many of our clients are small businesses, and at times, these businesses have retirement plans established for their employees. Recognizing that part of their fiduciary obligation to their plans is to ensure that participants have adequate choices to which they may allocate their contributions, plan sponsors may request that WMS provide assistance. WMS will in these cases assist the plan sponsor by reviewing the investment options for the plan and recommending a course of action (changing options or keeping current options). WMS may be engaged to perform this service on an ongoing basis, or, in some cases, the engagement may be consultative in nature and end after the review and recommendations are completed. This advice is rendered on a non-discretionary basis, meaning the plan sponsor is free to accept or reject WMS' recommendations.

## **Financial Institution Consulting Services**

WMS may contract directly with and receive payments from broker/dealers, insurance companies, investment companies, and other registered investment advisers to provide investment advisory consulting services to the clients of those contracted financial institutions. Such contractual engagements do not include assuming discretionary authority over brokerage accounts or the monitoring of securities positions. Services offered to financial institution clients may include a general review of client investments holdings, which may or may not result in a WMS investment adviser

representative making specific securities recommendations or offering general investment advice.

## **MISCELLANEOUS**

WMS recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, or Charles Schwab and Co., Inc. ("Schwab"). Schwab acquired TD Ameritrade in 2000 and all TD Ameritrade accounts will become Schwab accounts in the Fall of 2023. TD Ameritrade and Schwab offer enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. TD Ameritrade and Schwab are wholly independent from WMS. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

**Non-Discretionary Service Limitations.** Clients that determine to engage WMS on a non-discretionary investment advisory basis must be willing to accept that WMS cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, WMS will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Inverse/Enhanced Market Strategies.** WMS may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; or (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct WMS, in writing, not to employ any or all such strategies for their accounts.

**Trade Error Policy.** WMS shall reimburse accounts for losses resulting from WMS's trade errors but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within WMS's custodian firm account.

### **C. Tailored Advisory Services**

WMS provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, WMS will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on WMS's services.

#### D. Wrap Program

WMS previously offered a “wrap fee” program, under which WMS included the cost of certain transactional costs in the client’s management fee. For accounts in the Wrap Program, WMS pays a fee to the account custodian based on the total amount of client assets enrolled in the Wrap Program, thus taking on many of the clients’ transaction costs. Fees included in the Wrap Program include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary custodian. Expenses for the management fees of third-party managers are also not included in the Wrap Program, and to the extent utilized, the client is responsible for such fees. Because WMS manages the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers within the wrap program is limited. Therefore, there is not a significant difference between how WMS manages wrap fee accounts and how WMS manages other accounts.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account’s frequency of trading and apply to generally all assets in the account, the Wrap Program client may pay more or less than if the client had compensated WMS outside of the Wrap Program. For example, if a client’s account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of “wrapping” management fees and transaction fees. Clients whose accounts will be rarely traded should carefully consider whether the Wrap Program is appropriate. Clients are not required to participate in the Wrap Program.

WMS receives a portion of the wrap fee for our services. Transaction fees are paid to various broker-dealers, mutual funds and ETFs. The remainder of the wrap fee is the management fee payable to WMS. As discussed more fully in the wrap brochure, the transaction fees paid to the account custodian are based on a rate per trade that is negotiated between WMS and the custodian clearing the trades. WMS will receive no additional compensation for offering the Wrap Program.

WMS does not offer the wrap fee program to new clients. Existing clients who were wrap fee program participants prior to that date are provided the opportunity to remain in the program if they elect to do so.

Clients whose assets are invested through the WMS Wrap Program should please see the separate Wrap Fee Program Brochure for a more complete description of the Wrap Program.

#### E. Assets Under Management

As of December 31, 2022, WMS managed approximately \$352,067,761 in assets under management across 1,516 accounts, all of which is managed on a discretionary basis.

## **Item 5: Fees and Compensation**

### **A. Compensation Received for Advisory Services**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the associated fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, WMS for investment services.

### **Asset Management**

Generally, fees vary from 0.50% to 1.50% per annum of the market value of a client's assets managed by WMS and is specifically set forth in the client agreement. The fee range stated here is a guide and does not include third-party asset manager fees, which are not negotiable. WMS fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, investment strategy and type of account. All clients, but especially those with smaller accounts, should be advised that they may receive similar services from other professionals for higher or lower overall costs.

### **Financial Planning and Consulting Services**

*Hourly:* For clients needing advice with a limited scope, financial planning and/or other consulting services can be done on an hourly basis. Hourly rates range from \$150 – \$350 for all investment professionals at WMS. The professional working on the assignment as well as the hourly rates are dependent upon a number of factors, most importantly the complexity of the assignment and the availability of professionals. An estimate of total hours to complete the assignment will be determined at the start of the engagement. Generally, fifty percent (50%) of this estimate will be payable upon signing the Financial Planning Agreement. The hourly rates stated are guidelines; fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable and will depend on the anticipated complexity of your plan.

*Fixed Fee:* For clients requiring a complete financial plan, services will be provided on a fixed-fee basis. Fixed fees will typically range from \$2,500 to \$5,000 depending upon the nature and complexity of the assignment. For example, a client with complex estate-planning issues, multiple sources of investment income, and special-needs heirs will have a more complex plan (and therefore a higher fixed fee) than a client with no estate-planning issues, a single source of income, and a single heir. The fixed-fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the assignment.

*Included with Other Services:* For clients who have at least \$500,000 in assets managed by WMS, fees for financial planning may be waived in WMS' sole discretion.

## Retirement Plan Consulting Services

The fee for these services may be hourly (at the rates stated above for financial planning) or a fixed fee. The amount of the fixed fee will range from \$500 to \$5,000, depending on the size of the plan, the types of options permitted, and the current condition of the plan options. Fees may also be based on a percentage of the gross market value of a plan's assets. The fee range for pension plan consulting is from 0.00% to 1.00%. Fees are negotiable and will be determined by the scope and nature of the services provided, the size of the account, the complexity of the plan document and other factors. These fees are the only source of compensation to be received by WMS in conjunction with the consulting services provided to the plan.

### B. Fee Payment

**Financial Planning:** Generally, fifty percent (50%) of the anticipated financial planning fee will be payable upon signing the Financial Planning Agreement, with the remainder due upon completion of the financial plan. For hourly engagements, the final amount due will be based upon actual hours expended. For fixed-fee engagements, the final amount due will be the remaining fifty percent (50%) of the fixed fee.

**Asset Management:** For clients whose assets are managed directly by the firm, investment advisory fees will be debited directly from each client's account. Unless other arrangements are made, the advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the value as of the last market day of the previous quarter. This means that if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, divide by 365, and multiply that number by the number of days in the applicable billing quarter to calculate our fee. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable is prorated based on the number of days remaining in the billing period. Any reduction in fees related to the withdrawal of assets in an account will be credited against the next billing period's investment advisory fees. Additionally, to the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to WMS. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request.

Clients whose fees are directly debited will provide written authorization in the WMS Client Agreement to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will receive a statement from their account custodian showing all transactions in their account, including the fee. In the event that WMS agrees to bill the client directly, payment is due upon receipt of WMS invoice.

### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. For clients participating in WMS's Wrap Program, these include some fees that may be paid by WMS on

your behalf, such as transaction fees for the purchase or sale of a mutual fund or exchange-traded fund (ETF), or commissions for the purchase or sale of a stock, as discussed above. All other fees will be deducted from client's account. Expenses of a mutual fund or ETF will not be included in WMS's management fees, as they are deducted from the value of the shares by the manager. When selecting mutual funds that have multiple share classes for recommendation to clients, WMS will take into account the internal fees and expenses associated with each share class, and it is WMS' policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. WMS can provide or direct you to a copy of the prospectus for any fund that we recommend to you. Fees charged by independent third-party managers are also separate and additional to any fees paid to WMS, and such managers will be authorized to separately debit fees from client accounts.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

**D. Pro-rata Fees**

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (e.g. check, wire). WMS will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 days of termination may be "de-linked", meaning they will no longer be visible to WMS and will become a retail account with the custodian.

**E. Compensation for the Sale of Securities**

This item is not applicable. Neither WMS nor any supervised person of WMS accept compensation from the sale of securities.

**Item 6: Performance-Based Fees**

**A. Performance-Based Fees**

Neither WMS nor any supervised person of WMS charges or accepts performance-based fees.

**B. Side-by-Side Management and Conflicts of Interest**

WMS does not have (nor do we intend to have) any side-by-side relationships such that a conflict of interest could arise as a result of charging performance-based fees on certain accounts and other types of fees (e.g., hourly fees or asset-based fees) on other accounts.

## Item 7: Types of Clients

Clients advised may include individuals, families, trusts, charitable organizations, foundations, pensions, and corporations. WMS requires each client to place at least \$500,000 with the firm. This minimum may be waived in the discretion of WMS.

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

### A. Methods of Analysis & Investment Strategies

It is important for clients to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

As described in Item 4, our goal at WMS is to understand each client's needs and goals, even if they do not obviously directly connect to their financial circumstances or investing. Once we can determine what a client's goals are, we can manage their assets accordingly. Primarily, we believe that asset allocation, which means the allocation of a portfolio to asset classes as opposed to specific securities, will drive portfolio performance more than security selection. This view leads us to develop asset allocation guidelines for each client, which means the percentage of a portfolio that would be invested in a given asset class, such as equities or fixed income. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equity securities, with 20% of that allocated to international equities and the remaining balance in fixed income. Another client may have an asset allocation of 50-60% in fixed-income securities and the remainder in equities. Each client's allocation may be similar to, or vary greatly from, another client who on the surface seems quite similar. This is because each client's risk tolerances and goals may differ significantly.

It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually and may deviate from the guidelines as we deem necessary.

When selecting individual securities to place into the asset allocation design for each client, WMS focuses on value for costs. This means that we analyze not just a given manager or fund family or equity, but the costs associated with transactions to obtain the security and ongoing ownership costs (such as mutual fund management fees and expenses). We believe that fewer and fewer mutual fund managers are really adding value as compared to the costs. This means that selecting the right mutual fund manager requires attention and diligence. We strive to find the right mix of investments geared to provide clients with low-cost options, while not surrendering the potential for returns. Because of this, we frequently recommend lower-cost options such as ETFs, as well as individual stocks, bonds, and mutual funds. However, we will evaluate and even recommend any security type or issue if we feel the client will benefit. When evaluating individual securities, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from outside consultants, our custodian or other market analyses. Outside investment consultants provide capital market research, asset allocation

recommendations, and assist WMS in designing investment portfolios. When evaluating third party managers, we review the manager through a separate diligence process.

Additionally, as assets are transitioned from a client's prior advisors to WMS, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to (or separate from) their WMS portfolio. If a client transitions mutual fund shares to WMS that are not the lowest-cost share class, and WMS is not recommending disposing of the security altogether, WMS will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any adverse tax consequences associated with such conversion.

WMS may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

WMS may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within 30 days)

### **Third-Party Managers**

In some instances, WMS can utilize other managers to assist in the management of client assets. These managers are selected by WMS after a process whereby WMS evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for WMS clients. This process continues on an ongoing basis throughout the time the client works with the third-party manager. Prior to referring any client to another manager, WMS will confirm that such manager is registered, or exempt from registration, as an investment adviser.

For some accounts, WMS will engage the services of Greenrock Research which includes the following: investment management research, asset allocation consultation, separate account manager selection, individual client proposals and research reports on a website-supported platform. It is important to note that these managers, including Greenrock Research, will charge a separate and additional fee, for their services. Clients that choose to engage in this service will be charged directly by Greenrock. WMS will consider these fees in its decision to recommend the use of any third-party manager. The use of any third party manager, including Greenrock Research, does not change the relationship between WMS and the client, in that WMS will still manage the overall

client portfolio adding, subtracting and modifying the allocations to different securities and managers.

### **Pooled Investment Vehicles**

The pooled investment funds we recommend are managed according to the stated investment program in each fund's private placement memorandum and other offering documents. Individual partners in a fund will not receive individual asset management within the fund. For details regarding the investment program, including fees and costs, clients should refer to the fund's governing documents.

#### **B. Risk of Loss**

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

- **Client Information.** Because our advice is determined based on information provided by clients regarding their current circumstances and goals, the accuracy and ongoing validity of that information is paramount to success. As needs change, clients should keep in contact with us so we may revise our recommendations accordingly. Otherwise, performance may suffer, or goals may not be met.
- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short-Term Trading.** Clients should note that WMS may engage in short-term trading transactions. These transactions may result in short-term gains or losses which, for federal and state tax purposes, may be taxed at a higher rate than long-term strategies. WMS endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in their accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management falls under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier

income streams therefore less business risk.

- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be “free of default risk”.
- **Margin Risk.** “Margin” is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. WMS may utilize margin on a limited basis for clients with higher risk tolerances.
- **Short Sales.** “Short sales” are a way to implement a trade in a security WMS feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. WMS utilizes short sales only when the client’s risk tolerance permits.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have increased investment risk, but also these securities may require a significant decrease in value in order to be sold in a shorter time frame if a client requests immediate or short-term liquidity.
- **Concentration Risk.** While WMS selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client’s equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations). Therefore, if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to WMS there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by WMS. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of WMS may adversely affect the client's account values, as WMS's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at any time place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ. Clients should *carefully* review the risks associate with each manager as such risks are disclosed in that firm's Form ADV and/or offering documents for the private placement, both of which are available from WMS.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have if the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **REITs.** WMS may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". An REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs (which include potential tax benefits, income, and the relatively low barrier to invest in real estate as compared to directly investing in real estate), they also have some increased risks compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. Third, REITs may employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of an REIT is highly dependent upon the manager of the REIT. Clients should ensure that they understand the role of the REIT in their portfolio.

C. Significant or Unusual Risks

One of WMS's investment strategies – e.g. Long-Term Purchases, Short-Term Purchases, and Trading - is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, long-term investment strategies require a longer investment time-period to allow for the strategy to potentially develop. Short-term investment strategies require a shorter investment time period to potentially develop, but, as a result of more frequent trading, may incur higher transactional costs when compared to a long-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a 30-day investment time-period, involves a very short investment time-period, but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a long-term investment strategy.

**Item 9: Disciplinary Information**

We are required to disclose to our clients any legal, regulatory or disciplinary events that are material to a client's or prospective client's evaluation of WMS's advisory business or the reputation and integrity of its management team.

Neither WMS nor its management personnel have been involved in any arbitration claim or found liable in any civil, self-regulatory organization or administrative proceeding that would require disclosure under applicable SEC rules.

**Item 10: Other Financial Industry Activities and Affiliations**

A. Broker-dealer

Neither the principals of WMS nor any related persons are registered or have an application pending to register as a broker dealer or as a registered representative of a broker dealer.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of WMS nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity-trading advisor, or as an associated person of the foregoing.

C. Relationship with Related Persons

WMS is affiliated with Hopkins Capital Partners GP, LLC, which serves as manager of Hopkins Capital Partner Fund LP, because WMS investment advisor representative Martin L. Hopkins is the owner of Hopkins Capital Partners GP, LLC. Hopkins Capital Partner Fund LP is closed to new investors and is thus not recommended to WMS clients.

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

- A. WMS maintains an investment policy relative to personal securities transactions. This investment policy is part of WMS's overall Code of Ethics, which serves to establish a standard of business conduct for all of WMS's representatives that is based upon fundamental principles of openness, integrity, honesty and trust; a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, WMS also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by WMS or any person associated with WMS.

- B. Please see response to Item 10.C above with regard to Hopkins Capital partners Fund LP.
- C. On occasion, an employee of WMS may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of WMS may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

- A. Recommendation of Broker-Dealer

WMS recommends that investment accounts be held in custody by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") or Charles Schwab and Co., Inc. ("Schwab"). TD Ameritrade and Schwab offer enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab and TD Ameritrade are wholly independent from WMS. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that

account in its capacity as a broker-dealer.

WMS recommends TD Ameritrade or Schwab, which recently purchased TD Ameritrade, to its clients based on a variety of factors. These include, but are not limited to, commission costs. TD Ameritrade has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. TD Ameritrade and Schwab add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research, and service. TD Ameritrade and Schwab also have arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). TD Ameritrade and Schwab have a significant market share of investment adviser business which makes them experienced in matters likely to arise for our clients. WMS re-evaluates the use of TD Ameritrade and Schwab at least annually to determine if they are still the best value for our clients.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, WMS may receive from TD Ameritrade or Schwab (or any another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist WMS to better monitor and service client accounts maintained at such institutions. WMS does not have any true “soft dollar” arrangements under which extra services or products are provided by a broker-dealer/custodian based upon trading volume. However, the support services WMS does receive include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by WMS in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received assist WMS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist WMS to manage and further develop its business enterprise.

WMS’s clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade or Schwab as a result of this arrangement. There is no corresponding commitment made by WMS to TD Ameritrade or Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

WMS may have an incentive to select or recommend a broker-dealer based on WMS’s interest in receiving research or other products or services, rather than our client’s interest in receiving the most favorable execution.

2. WMS does not receive referrals from broker-dealers.

3. WMS does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and WMS will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by WMS. As a result, clients may pay higher commissions, other transaction costs, greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs WMS to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through WMS.

#### B. Aggregating Trades

To the extent that WMS provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless WMS decides to purchase or sell the same securities for several clients at approximately the same time. WMS may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among WMS clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. WMS shall not receive any additional compensation or remuneration as a result of such aggregation.

### Item 13: Review of Accounts

- A. For those clients to whom WMS provides investment supervisory services, account reviews are conducted on a quarterly basis by WMS's principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise WMS of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with WMS on an annual basis. For those clients to whom WMS provides financial planning or consulting services, the resulting plans or recommendations will not be reviewed absent a specific engagement with the client to do that.
- B. WMS *may* conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. WMS may also provide a written periodic report summarizing

account activity and performance.

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

A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

*Please refer to Item 12, where we discuss recommendations of Broker-Dealers.*

B. Compensation to Non-Advisory Personnel for Client Referrals.

WMS may pay referral fees to independent persons or firms for endorsements or testimonials in accordance with the SEC's Investment Adviser Marketing Rule (206(4)-1) and in accordance with the related state regulation of such "Promoters" or "Solicitors". The solicitors who will be compensated via a referral fee must be appropriately registered as an investment advisor in the State of Maryland or other appropriate jurisdiction. Whenever we pay an endorsement or testimonial fee, we require the solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure document which includes the solicitor's name and relationship with our firm, the fact that the Solicitor is being paid a referral fee, the amount of the fee, and the fact that the fee paid to WMS by the client will not be increased above our normal fees as a consequence of the referral relationship. However, when the endorsement or testimonial is given by an affiliated person of WMS, we require only that the person's relationship be disclosed.

The only paid client referral relationship WMS presently has in place is an advertisement and client introduction program called the "SmartVestor Program" through Ramsey Solutions. In that program, Ramsey Solutions matches consumers in a specific geographic area with investment advisors enrolled in the program. WMS pays a monthly membership fee for this service and payment of that fee does not in any way affect the fee a referred client will be charged by WMS

#### **Item 15: Custody**

WMS has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis, an arrangement which is considered "custody" of client funds. All investment management clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. WMS may also provide a written periodic report summarizing account activity and performance.

WMS urges clients to compare any statement or report provided by WMS with the account statements received from the account custodian. The account custodian does not verify the accuracy of WMS's advisory fee calculation.

WMS does not accept authority to sign checks or otherwise disburse funds on behalf of any advisory clients. However, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from WMS to transfer client funds to third parties. According to guidance issued by the SEC on February 27, 2017, WMS is considered to have custody

of client assets subject to such a “standing letter of authorization” or “move money” form (collectively “SLOAs”). WMS works with the qualified custodian in these situations to satisfy the SEC’s guidance with respect to SLOAs, including requiring clear and specific written instructions from the client and ensuring the client has the ability to terminate or change the instructions at any time.

## **Item 16: Investment Discretion**

When WMS is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we or the third-party manager we have engaged to manage your assets will make the changes without consulting you or obtaining your permission. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and WMS.

## **Item 17: Voting Client Securities**

- A. WMS does not vote client proxies for separate accounts. Separate account clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets.

WMS will vote proxies on behalf of the pooled investment funds which it recommends to investors if that fund solicits proxies. In that event, proxy voting information will be made available to the investor. Investors in the Fund will not be able to direct the vote on any particular solicitation.

- B. Separate account clients will receive their proxies or other solicitations directly from their custodian. Clients may contact WMS to discuss any questions they may have with a particular solicitation.

## **Item 18: Financial Information**

- A. WMS does not solicit or require prepayment fees of more than \$1,200 per client, six months or more in advance.
- B. WMS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. WMS has not been the subject of a bankruptcy petition.