



# WAVERLY

## ADVISORS

### **ADV Part 2A, Brochure**

**April 28, 2023**

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This brochure provides information about the qualifications and business practices of Waverly Advisors, LLC. If you have any questions about the contents of this brochure, please contact Andrea W. Johnson, Chief Compliance Officer, at (205) 871-3334 or [andrea.johnson@waverly-advisors.com](mailto:andrea.johnson@waverly-advisors.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.

Additional information about Waverly Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Waverly Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

SEC File Number: 801 – 60741

## Item 2 Material Changes

Since the last annual amendment filing on March 31, 2022, this Disclosure Brochure has been amended to demonstrate the following material changes.

Date	Material Changes
May 5, 2022	<ul style="list-style-type: none"> <li>○ Item 5 – Additional information has been provided relative to the Registrant’s fee schedule.</li> </ul>
July 29, 2022	<ul style="list-style-type: none"> <li>○ Item 4 - Revised to indicate that the Firm may advise on unaffiliated private investment funds.</li> <li>○ Items 4 and 10 – Added the Registrant’s management of new affiliated funds and the affiliation with BT Funds Group, the general partner to four of its affiliated funds.</li> <li>○ Item 6 – Amended to add performance fees relative to the private funds.</li> <li>○ Item 8 – Revised with respect to risks of private fund investing.</li> </ul>
October 19, 2022	<ul style="list-style-type: none"> <li>○ Revised to indicate the Registrant’s new legal name, Waverly Advisors, LLC.</li> <li>○ Item 4 - Revised with respect to certain new affiliated private funds managed by the Registrant, and for which the Registrant serves as general partner.</li> <li>○ Items 4 and 12 - Amended to include TD Ameritrade, Inc. as a recommended broker-dealer/custodian.</li> </ul>
March 7, 2023	<ul style="list-style-type: none"> <li>○ Item 4 – Revised regarding Registrant’s affiliated private funds.</li> <li>○ Item 5 - Updated maximum price levels for managed assets.</li> <li>○ Item 10 - Revised other investment adviser affiliations, in addition to certain general affiliate business disclosures.</li> </ul>
March 31, 2023	<ul style="list-style-type: none"> <li>○ Item 10 – Amended to indicate that the Registrant no longer maintains an affiliation with Sandifer Wealth Management, Inc. or Wall Advisors, Inc. Both SEC registered investment advisers have withdrawn their registrations.</li> </ul>

Since the last annual amendment filing on March 31, 2023, this Disclosure Brochure has been amended to demonstrate the following material changes.

Date	Material Changes
April 28, 2023	<ul style="list-style-type: none"> <li>○ Item 5 – Amended to indicate a new minimum fee level</li> <li>○ Item 10- Amended to include disclosure regarding a new affiliate investment adviser/accounting firm.</li> </ul>

**Waverly Advisors, LLC’s Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding any issue pertaining to this Brochure.**

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## Item 4 Advisory Business

- A. Waverly Advisors, LLC (the “Registrant”) is a limited liability company that was originally formed on July 7, 1999, in the State of Alabama. The Registrant became registered as an Investment Adviser Firm in November 1999. The Registrant changed its name to Waverly Advisors, LLC on October 10, 2022. The Registrant is principally owned by WAAM Parent LLC, an affiliate of Wealth Partners Capital Group, LLC, and, ultimately through intermediate subsidiaries (as described in Registrant’s Form ADV Part 1), an affiliated fund of HGCC, LLC. Joshua L. Reidinger is the Registrant’s Chief Executive Officer and Justin T. Russell is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment management fee shall vary (up to 1.50% of the total assets placed under the Registrant’s management/advisement) and shall be based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant’s direct management, the amount of the assets placed under the Registrant’s advisement, location of the Registrant’s advising office, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. The Registrant has included the fee schedules for illustrative purposes in Item 5A below. Not all clients will receive services at the published rates below. (**See also Fee Differential discussion below**).

To commence the investment advisory process, Registrant will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, Registrant provides ongoing supervision of the account(s). Before engaging Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

**Please Note:** Registrant believes that it is important for the client to address financial planning issues on an ongoing basis. Registrant’s advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Registrant.

### **Waverly Advisors Intelligent Portfolios Program**

When consistent with a client’s investment objectives, Registrant may offer portfolio management services through the Waverly Advisors Intelligent Portfolio Program (the “Program”), an automated investment program through which clients are invested in a range of investment strategies Registrant has constructed and manages, each consisting of a portfolio of exchange-traded funds (“ETFs”) and a cash allocation. The client may instruct Registrant to exclude up to three ETFs from their portfolio. The

client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). Registrant uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. Registrant is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (CS&Co., Charles Schwab Bank and their affiliates are collectively referred to as "Schwab"). Registrant, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. As between Registrant and Schwab, Registrant is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. Registrant has contracted with SPT to provide Registrant with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables Registrant to make the Program available to clients online and includes a system that automates certain key parts of its investment process (the "System"). The System includes an online questionnaire that helps Registrant determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Registrant will recommend a portfolio through the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Registrant then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Registrant manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). Registrant charges clients a fee for its services as described below under Item 5. Registrant's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program, which are described in the "Compensation to Schwab Under the Program" section below. Registrant does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If Registrant does not meet this condition, then it must pay SPT an annual licensing fee of 0.10% of the value of its clients' assets in the Program. This arrangement presents a conflict of interest, as it provides an incentive for Registrant to recommend that clients maintain their accounts at CS&Co. Notwithstanding, Registrant may generally recommend to its clients that they maintain investment management accounts at CS&Co. based on the considerations discussed in Item 12 below, which mitigates but does not eliminate this conflict of interest. Clients enrolled in the Program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas Registrant recommends various other types of securities in its other services. The Program is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with Registrant with respect to their account. The System will rebalance a client's account periodically by generating instructions to CS&Co. to buy and sell shares of funds and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an asset class varies by a set parameter established by Registrant, (ii) Registrant decides to change asset allocation percentages for an investment strategy or (iii) Registrant decides to change a client's investment strategy,

which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Sweep Program Each investment strategy involves a cash allocation (“Cash Allocation”) that will be held in a sweep program at Charles Schwab Bank (the “Sweep Program”). The Cash Allocation will be a minimum of 4% of an account’s value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in the Program, clients consent to having the free credit balances in their brokerage accounts at CS&Co. swept into deposit accounts (“Deposit Accounts”) at Charles Schwab Bank (“Schwab Bank”) through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the Program. If the Deposit Account balances exceed the Cash Allocation for a client’s investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of fund positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co., Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index. Compensation to Schwab Under the Program Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that Registrant selects to buy and hold in the client’s brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client’s brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis, and from \$75 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. Neither the Registrant, nor its investment adviser representatives, assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. In addition, the Registrant does not monitor a client’s financial plan, and it is the client’s responsibility to revisit the financial plan with the Registrant, if desired. If requested by the client, Registrant may recommend

the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as certified public accountants. (**See** disclosure and descriptions of **conflicts of interest** at Item 10.C. below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **MISCELLANEOUS**

**Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Registrant may maintain cash positions in connection with its portfolio management. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**Trustee Directed Plans.** Registrant may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Registrant will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Registrant will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and the Firm.

**Participant Directed Retirement Plans.** Registrant may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended

periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**National Advisors Trust Company (NATC) - Conflict of Interest:** Registrant is a shareholder of National Advisor Holdings, Inc. (NAH), a Delaware corporation organized in August of 1999. Registrant holds less than 1.0% in the aggregate of the outstanding stock of NAH. NAH has chartered an institution through the Office of Thrift Supervision known as National Advisors Trust Company (NATC). NATC provides custody, banking, and trust services to clients of registered investment advisory firms, such as Registrant, across the United States. Because Registrant has an interest in NAH, and therefore indirectly has an interest in NATC, a conflict of interest is present because the Registrant could have an economic incentive to recommend NATC's services. Registrant may, and does, recommend NATC to certain clients for custody and trustee services when Registrant believes NATC's services may be appropriate for those clients. No client is under any obligation to use NATC's services. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions regarding NATC and the corresponding conflict of interest.

**Affiliated Private Funds.** The Registrant is affiliated with several private investment funds: Haines Opportunity Portfolio II, LLC (class A) and HFA, Ltd. (together, the "Affiliated Funds"), and the condensed descriptions of each are set forth below (the complete description of the terms, conditions, and risks associated with each of the Affiliated Funds is set forth in each Affiliated Fund's offering documents). The Registrant no longer recommends that clients allocate a portion of their investment assets to Haines Opportunity Portfolio II, LLC or to HFA, Ltd. However, the Registrant may recommend that clients allocate a portion of their investment assets to the other funds as noted below. The Affiliated Funds are not open to new investors and are currently winding down in connection with the liquidation of remaining assets. The terms and conditions for participation in the Affiliated Funds, conflicts of interest, and risk factors are set forth in the applicable fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in private investment fund(s).

*Haines Opportunity Portfolio II, LLC – The Registrant is general partner in and investment advisor to Haines Opportunity Portfolio II. This LLC seeks long-term capital appreciation with less dependence on market conditions. The Fund will use a select group of asset managers that employ primarily diversified equity-related investment strategies aimed at generating appropriate risk-adjusted returns.*

*HFA, Ltd – The Registrant is general partner in, and investment adviser to, HFA, Ltd. The partnership exists in order to make direct investments in real estate.*

The Registrant is also affiliated with, and serves as the investment adviser to, the BT Opportunity Fund, LP, HS Select, LLC, BT Select Fund I, LP, WA Growth Fund I, LP, WA Income Fund, LP and BT Opportunity Fund II, LP (the "Funds"), privately offered pooled investment vehicles exempt from registration under the Investment Company Act of 1940. Registrant is the general partner (the "General Partner") of the Funds



and is responsible for their overall management. Registrant serves as the Funds' investment manager and is responsible for the management of the Funds' portfolios pursuant to the terms of the investment management agreements between itself and the Fund. Registrant has full discretionary authority with respect to the investment decisions for the Funds, and its advice is made in accordance with the investment objectives and guidelines as set forth in the Funds' confidential offering memorandums.

**Please Also Note: Conflict of Interest.** Because Registrant and/or its affiliates can earn compensation from the Fund (i.e., management fees, incentive compensation, etc.) that could generally exceed the fee that Registrant would earn under its standard asset-based fee schedule referenced in Item 5 below, the recommendation that a client become a Fund investor presents a conflict of interest. No client is under any obligation to become a Fund investor. Given the conflict of interest, Registrant advises that clients consider seeking advice from independent professionals (i.e., attorney, accountant, adviser, etc.) of their choosing prior to becoming a Fund investor.

**Unaffiliated Private Investment Funds.** Registrant also provides investment advice regarding private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. Registrant's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's fee shall be in addition to the fund's fees. Registrant's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

**Private Investment Fund Risk Factors.** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Private Investment Fund Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon such reflected fund value(s).

**Schwab Advisor Network®.** Registrant receives client referrals from Charles Schwab & Co., Inc. through Registrant's participation in the Schwab Advisor Network®. Registrant's participation may raise potential conflicts of interest described below. **See** disclosure at Items 12 and 14 below.

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate licensed capacities as discussed in Item 10.C. below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Custodian Charges-Additional Fees.** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Charles Schwab and Co. ("*Schwab*"), Fidelity Brokerage Services LLC, and National Financial Services, LLC (collectively "*Fidelity*"), Pershing Advisor Solutions, LLC ("*Pershing*"), TD Ameritrade, Inc. ("TD Ameritrade") and/or Mid Atlantic Trust Company ("*MATC*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *Fidelity*, *Pershing*, *TD Ameritrade* and *MATC* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, *Pershing*, *TD Ameritrade* and *Fidelity*, do not currently charge fees on individual equity transactions, others do). These fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Andrea Johnson, remains available to address any questions that a client or prospective client may have regarding the above.**

**Reporting Services.** Registrant, in conjunction with the data aggregation services provided by Quovo and ByAllAccounts (third-party service providers unaffiliated with Registrant) may also provide access to the client to permit the client to aggregate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not Registrant,**

**shall be exclusively responsible for the investment performance of the Excluded Assets.** Registrant's role is expressly limited to providing the client with access to these services. Registrant does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Registrant provide discretionary investment advisory services (whereby Registrant would have trading authority) with respect to the Excluded Assets, the client may engage Registrant to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Registrant and the client.

**Please Note: Retirement Rollovers-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend an investor roll over plan assets to an IRA managed by the Registrant. As a result, the Registrant and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless clients engage the Registrant to monitor and/or manage the account while maintained at his/her employer). The Registrant has an economic incentive to encourage an investor to roll plan assets into an IRA that the Registrant will manage or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **Please Note:** If Registrant's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**Sub-Advisers/Independent Managers - Additional Fees.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated sub-advisers and/or independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives, for which Registrant's investment advisory fee shall range from 0.15% to 1.00% of assets allocated to the sub-adviser and/or independent manager. The Registrant's advisory fee is separate from, and in addition to, the fee charged by the sub-adviser and/or independent manager. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Please Note: Use of Mutual Funds/Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds and/or exchange traded funds that may be recommended and/or utilized by the Registrant independent of engaging the Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory services. **Separate Fees:** All mutual funds and exchange-traded funds impose fees at the fund level (e.g., management fees and other fund expenses). All mutual fund and exchange traded fund fees are separate from, and in addition to, Registrant's management fee as described at Item 5 below. **Please Note: Use of DFA Mutual Funds:** The mutual funds sponsored by Dimensional Fund Advisors ("DFA") are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above.**

**Plan Administration/Custody Services.** The Registrant provides retirement plan administration services to retirement plan sponsors. The Registrant has engaged American Trust Corporation ("ATC") to assist the Registrant with its provision of such plan administration services. The Registrant shall compensate ATC for its services. There is no extra charge to the plan sponsor or its participants as the result of the Registrant's engagement of ATC. In addition, the Registrant recommends that its retirement plan clients consider engaging the custody services provided by MATC. The Registrant recommends MATC because MATC is generally able to provide plan sponsors with lower cost custody services. MATC and ATC are affiliated entities. Neither the Registrant, nor any of its employees, receive any economic consideration from either MATC or ATC. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address them.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that

Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Client Obligations**. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement**. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV, along with our Form CRS Relationship Summary, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide 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, the Registrant shall 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 the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of March 31, 2023, the Registrant had \$5,523,432,215 in assets under management on a discretionary basis and \$252,375,282 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment management fee shall vary up to 1.00% of the total assets placed under the Registrant's management/advisement for High Net Worth, Institutional and Family Office Clients (and also up to 1.50% of the total assets placed under the Registrant's management/advisement for 401k program clients; see fee schedule below) and shall be based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement, location of the Registrant's advising office, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered.

**Please Note:** To the extent applicable to the type of engagement, the Registrant believes that it is important for the client to address financial planning issues with the Registrant

on an ongoing basis. Registrant's fee will remain the same regardless of whether or not the client determines to address planning issues with Registrant. The Registrant remains available to address planning issues with the client on an ongoing basis.

**Fee Schedule: 401K Complete Fee**

Minimum Fee \$15,000

Administrative Fee per Participant: \$25

Increment		Account Total	Incremental Charge	Incremental Fee	Upper-End Total Fee	Aggregate Fee
First	\$ 1,000,000	\$ 1,000,000	1.500%	\$ 15,000	\$ 15,000	1.500%
Next	\$ 1,000,000	\$ 2,000,000	0.900%	\$ 9,000	\$ 24,000	1.200%
Next	\$ 1,000,000	\$ 3,000,000	0.450%	\$ 4,500	\$ 28,500	0.950%
Next	\$ 1,000,000	\$ 4,000,000	0.350%	\$ 3,500	\$ 32,000	0.800%
Next	\$ 1,000,000	\$ 5,000,000	0.300%	\$ 3,000	\$ 35,000	0.700%
Next	\$ 15,000,000	\$20,000,000	0.250%	\$ 37,500	\$ 72,500	0.363%
Next	\$ 20,000,000	\$40,000,000	0.220%	\$ 44,000	\$ 116,500	0.291%
Over		\$40,000,000	0.100%			

The Registrant has included the above fee schedule for illustrative purposes. Not all clients will receive services at the published rates above.

**Please Note: Minimum Fee** - If a 401k program client maintains less than \$1.5 million of assets under Registrant's management, and is subject to the \$15,000 annual minimum fee, the client will pay a higher percentage Annual Fee than the 1.50% referenced in the above fee schedule.

**Please Note: Minimum Fee**: The Registrant charges a \$5,000 minimum fee for non-401k program accounts. Clients who maintain less than \$500,000 in their managed account could pay a higher percentage fee than referenced above. Certain legacy accounts may not be subject to this minimum fee requirement. Also, the Registrant, consistent with its Fee Dispersion disclosure below, may determine to grant exceptions and or waivers to this minimum fee requirement where appropriate.

**Margin Accounts**-The Registrant **does not** recommend the use of margin. However, should a client determine to use margin outside of a retirement plan account, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, the Registrant's fee shall be based upon a higher margined account value, resulting in the Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since the Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions regarding the above.**

**Legacy Fee Schedules.** In connection with the Registrant's acquisition of former investment advisory firms, the Registrant maintains legacy fee schedules for former clients of the acquired firms, where the maximum advisory fee is 1.50%. No new managed account clients will be assigned to the legacy fee schedules and the Registrant anticipates that the fee schedules will be phased out over time.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis, and from \$75 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

**Fee Dispersion.** Registrant, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **Please Also Note:** In the event that the client is subject to an annual minimum fee, the client could pay a higher percentage fee than referenced above. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Andrea Johnson, remains available to address any questions that a client or prospective client may have regarding advisory fees.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance or arrears (according to the signed agreement), based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally bill or reimburse for additions or withdrawals to/from existing accounts during the billing quarter.
- C. As discussed at Item 4 above and below at Item 12 unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Schwab, Fidelity, Pershing and/or MidAtlantic Co. serve as the broker-dealer/custodian for client investment management assets. Broker-dealers generally charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). Relative to all mutual fund and exchange-traded fund purchases, clients will also incur charges imposed at the fund level (e.g., management fees and other fund expenses
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance or arrears (according to the signed agreement), based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not impose a minimum dollar value on investor accounts in connection with

investment management services. However, new retail clients are generally subject to a \$5,000 annual minimum advisory fee and certain 401(k) Plan clients are generally subject to a \$15,000 annual minimum fee. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter OR the Registrant shall deduct fees and/or bill the pro-rated portion of the arrears advisory fee based upon the number of days that the account was managed by the Registrant.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Registrant, nor any supervised person of Registrant accepts performance-based fees in relation to traditional managed accounts.

Portfolio Managers for the BT Select Fund I, LP and certain client accounts can be paid amounts based upon the share of profits in the Funds. The existence of performance-based compensation can create an incentive for the Portfolio Managers or the Investment Manager to make riskier and more speculative investments than would otherwise be the case in the absence of such performance-based compensation. The Portfolio Managers for the Funds can also manage certain accounts that are charged asset-based fees as discussed above. This inherently creates a conflict of interest because of the potential for higher compensation from accounts paying a performance-based fee. The potential for greater compensation creates an incentive to direct potentially better investments or to allocate favorable trades disproportionately to performance-based fee accounts. To address this conflict, Registrant typically allocates investment opportunities within each strategy based on an allocation policy set forth to mitigate this potential conflict. Furthermore, Portfolio Managers are required by the Code of Ethics and the fiduciary duty to act in the best interest of all clients.

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

The Registrant's clients shall generally include individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations. As discussed in Item 5.D above, the Registrant generally requires a \$1,000,000 minimum asset level for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account



composition, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

A. The Registrant may utilize the following methods of security analysis:

- 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)

The Registrant 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)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter 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 longer-term investment strategy.

C. Currently, the Registrant primarily allocates client investment assets among various, mutual funds, ETFs, and *Independent Manager[s]* on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (See *Independent Manager[s]* above).

Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4

provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant's investment programs may involve above-average portfolio turnover, which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

The allocation models include the following:

**Aggressive Allocation Model** – Our Aggressive Allocation is designed for our most aggressive equity investors. The allocation attempts to get equity upside while smoothing out volatility. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds that encompass Domestic Equities, International Equities and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of

these broad classes is shown below (subject to modification, without notice, at the discretion of the Investment Committee):

Domestic Equity – 69%  
International Equity – 30%  
Fixed Income – 0%  
Alternatives – 0%  
Cash – 1%

The Waverly Advisors Investment Committee may make tactical or strategic allocation shifts to these broad asset classes as well as their underlying sub asset classes at the Committee's sole discretion. The Investment Committee can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Growth Allocation Model** – Our Growth Allocation is designed for our investors with a high-risk tolerance that still want some downside protection. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds that encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Investment Committee):

Domestic Equity – 57%  
International Equity – 23%  
Fixed Income – 19%  
Alternatives – 0%  
Cash – 1%

The Waverly Advisors Investment Committee may make tactical or strategic allocation shifts to these broad asset classes as well as their underlying sub asset classes at the Committee's sole discretion. The Investment Committee can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Moderate Allocation Model** – Our Moderate Allocation is designed for our investors who need a balanced approach that targets some capital appreciation with moderate downside protection. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds that encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Investment Committee):

Domestic Equity – 42%  
International Equity – 18%  
Fixed Income – 38%  
Alternatives – 0%  
Cash – 2%

The Waverly Advisors Investment Committee may make tactical or strategic allocation shifts to these broad asset classes as well as their underlying sub asset classes at the Committee's sole discretion. The Investment Committee can

overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Moderately Conservative Allocation Model** – Our Moderately Conservative Allocation is designed for investors who place a premium on capital preservation while still allowing slight capital appreciation potential. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds that encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Investment Committee):

Domestic Equity – 28%  
International Equity – 12%  
Fixed Income – 57%  
Alternatives – 0%  
Cash – 3%

The Waverly Advisors Investment Committee may make tactical or strategic allocationsshifts to these broad asset classes as well as their underlying sub asset classes at the Committee's sole discretion. The Investment Committee can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Conservative Allocation Model** – Our Conservative Allocation is designed for our most conservative investor whose goal is to preserve capital. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds that encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Investment Committee):

Domestic Equity – 15%  
International Equity – 5%  
Fixed Income – 76%  
Alternatives – 0%  
Cash – 4%

The Waverly Advisors Investment Committee may make tactical or strategic allocationsshifts to these broad asset classes as well as their underlying sub asset classes at the Committee's sole discretion. The Investment Committee can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

Private Investment Fund Risks. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client can maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

## Item 9      **Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Administrator for Employee Benefit Plans.** Registrant serves as an administrator to employee benefit plans. In this capacity, Registrant may provide services including but not limited to plan design and installation, plan and participant reporting, plan testing, plan accounting, loan distributions, and comprehensive plan record-keeping. All client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). Typically, the named plan fiduciary is responsible for the determination of retaining the services of investment advisors and third-party administrators. The plan fiduciary is free to seek independent advice about the appropriateness of any services for the plan that may be recommended by the Registrant. **No client is required to engage Registrant in its capacity as an administrator for employee benefit plans. ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and affiliations and any corresponding conflict of interest such arrangement may create.**

**General Partner to Affiliated Private Funds.** As discussed above, the Registrant is the General Partner of the Affiliated Funds, HFA, Ltd. and Haines Opportunity Portfolio II, LLC. The Registrant no longer refers clients to invest in the Affiliated Funds. No client is under any obligation to make an investment in the Affiliated Funds. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Registrant is also the Investment Manager and General Partner to the BT Opportunity Fund, L.P.; BT Opportunity Fund II; HS Select, LLC; WA Growth Fund I, LP, WA Income Fund, LP and BT Select Fund, LP.

The Funds are subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that the Registrant, in its role as the Investment Manager and the General Partner, will provide investment management services both to the Funds and for other clients, including other investment funds and managed accounts. The respective investment programs of the Funds and the other client accounts managed by the Registrant may or may not be substantially similar.

The Registrant and its respective members, partners, officers and employees will devote to the Funds as much time as the Registrant deems necessary and

appropriate to manage the Funds' business. The Registrant is not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities can be in competition with the Partnerships and/or can involve substantial time and resources of the Registrant. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Registrant's officers and employees will not be devoted exclusively to the business of the Funds.

**Other Accounting Services.** One or more principals and/or associated persons of Registrant may also be licensed as a certified public accountant (CPA) with Wall Titus, LLC, an accounting, and consulting firm providing compliance, tax, and consulting services to clients. Hosler Lee Wall spends approximately 20% of his time providing advice to clients of the accounting firm and approximately 80% of his time managing securities & investment advice. When acting in this capacity, those principals and associated persons with the proper CPA designation may receive compensation for providing such services. Therefore, Clients of Wall Titus, LLC may also be clients of Registrant.

Mr. Wall III also holds ownership interests in the following entities:

- 15% ownership in Imperial Lands, LLC (Land Development);
- 73% ownership in WFT, LLC (Commercial Property/Building);
- 50% ownership in Capital Access Partners, LLC (Corporate M&A Consulting)
- 50% ownership in Capital Access Group, Inc. (Corporate Intermediary Services)

**Other Investment Adviser and Accounting Firm.**

**Other Investment Adviser:** Certain of Registrant's investment adviser representatives are also investment adviser representatives of Omni Wealth Advisors, Inc. (CRD# 142404). **Conflict of Interest:** The recommendation by Registrant's representatives that a client receive investment advisory services from Omni Wealth Advisors presents a conflict of interest, as the receipt of advisory fees may provide an incentive to recommend advisory services based on the advisory fees to be received, rather than on a particular client's need. No client is under any obligation to seek advisory services from Omni Wealth Advisors. The conflict of interest is mitigated where the affiliated registrant is no longer accepting new advisory clients.

One of the Registrant's supervised persons also provides tax and accounting services to individuals and businesses through Omni Wealth Advisors, Inc. The accounting service provided by Registrant's representative, in his capacity as a certified public accountant, includes certain advising and consulting activities that are separate and distinct from the Registrant's advisory services. The time that the Registrant's representative devotes to these accounting activities may range from 25 to 35 percent, depending on his client's needs and the time of the year. No client is under any obligation to seek advisory or accounting services from this accounting practice. Clients may seek accounting services from the accounting firm of their choice.

**Disclosure of Material Conflicts.** All material conflicts of interest are disclosed regarding Registrant and its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

The Registrant receives, directly or indirectly, compensation in connection with referrals to Warren Averett, LLC accounting firm (including its related entities and subsidiaries), where the accounting firm is recommended to, and selected by, its clients for professional services.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’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, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.
- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest. As disclosed above, the Registrant has a material financial interest in the private funds. The terms and conditions for participation in the private funds, including management fees, conflicts of interest, and risk factors, are set forth in the private funds’ offering documents.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab, Fidelity, Pershing, TD Ameritrade* or *MATC*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab, Fidelity, Pershing, TD Ameritrade* or *MATC* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients (to the extent that such transaction fees or commissions are charged by the custodian) shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction (to the extent that a transaction fee is payable) represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from *Schwab, Fidelity, Pershing, TD Ameritrade* or *MATC* (or another broker-dealer/custodian, investment platform, mutual fund sponsor, or unaffiliated investment manager) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be 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 Registrant in furtherance of its investment advisory business operations.

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, TD Ameritrade* and *MATC* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, Fidelity, Pershing, TD Ameritrade* or *MATC* 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.

**The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

2. Registrant receives client referrals from *Schwab* through Registrant's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Registrant. *Schwab* does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays *Schwab* fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest described below.

Registrant pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees the client owes to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Registrant charges clients with similar portfolios who were not referred through the Service.

Registrant generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than

the Participation Fees Advisor generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Registrant will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than *Schwab*. *Schwab*'s fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Registrant may have an incentive to cause trades to be executed through *Schwab* rather than another broker-dealer. Registrant, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

3. The Registrant 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 Registrant 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 Registrant. As a result, client may pay higher commissions or other transaction costs or 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 Registrant 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 Registrant. **Higher transaction costs adversely impact account performance.** **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected

independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant 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 the Registrant’s 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. The Registrant 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 Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant 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 the Registrant on an annual basis.
- B. The Registrant **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. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive economic benefits from *Schwab, Fidelity, Pershing, TD Ameritrade* and *MATC*. The Registrant, without cost (and/or at a discount), can receive support services and/or products from *Schwab, Fidelity, Pershing, and MATC*.

Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, TD Ameritrade* and *MATC* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, Fidelity, Pershing, TD Ameritrade* and *MATC* 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.

- B. The Registrant maintains a referral arrangement with Warren Averett RIA, LLC , and BT Financial Services, LLC where Warren Averett RIA, LLC and BT Financial Services, LLC are compensated for client referrals. Any referral fee compensation in accordance with this arrangement is paid from Registrant’s fee and does not result in an additional charge to the referred client. Registrant also maintains an internal compensation arrangement in connection with clients introduced by Registrant’s supervised persons and participates in the Charles Schwab & Co., Inc. referral program (as noted above at Item 12 relative to the Schwab Advisor Network program). If a client is introduced to

Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Registrant's investment management fee and shall not result in any additional charge to the client. If the client is introduced to Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Registrant and the solicitor, including the compensation to be received by solicitor from the Registrant.

## **Item 15 Custody**

Registrant shall have the ability to deduct its advisory fee from the client's custodial account (i.e., *Schwab, Fidelity, Pershing, TD Ameritrade, MATC*, etc.) on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian, at least quarterly. Clients are urged to carefully review these custodial statements.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant engages in other practices and/or services (i.e., trustee services, power of attorney, standing letters of authorization, password possession and General Partner services) on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV. Such practices and/or services are subject to an annual surprise CPA examination and the submission of a Form ADV-E. The Registrants Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

The Registrant discloses at Item 9 of ADV Part 1 that it has custody as a result of its relationship to the Affiliated Funds. The Affiliated Funds are audited by an independent CPA annually, and copies of the audited financials are made available to the limited partners.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the

types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

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

- A. Unless the client directs otherwise in writing, the Registrant, in conjunction with its engagement of ProxyEdge, or its successors or assigns, is responsible for voting client proxies. (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.) ProxyEdge shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. ProxyEdge, on behalf of the Registrant, shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant, in conjunction with ProxyEdge, voted on any specific proxy issue is also available upon written request. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the Registrant's proxy voting policy.
- B. Not applicable.

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

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant 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. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**