



# WEALTHSOURCE®

Form ADV, Part 2A  
Disclosure Brochure  
March 31, 2022

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This brochure provides information about the qualifications and business practices of WealthSource® Partners, LLC (“WealthSource”). If you have any questions about the contents of this brochure, please contact us at (805) 546-1000. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about WealthSource is also available on the SEC’s website at [adviserinfo.sec.gov](https://adviserinfo.sec.gov) by searching for CRD No. 282202. References herein to WealthSource as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since the last annual amendment to this Disclosure Brochure on March 31, 2021, the following amendments were made:

The Advisory Business section was amended in order to update our disclosures to reflect WealthSource's current ownership structure resulting from the reorganization that was initially announced to clients on November 20, 2020. In addition, the disclosures were updated to announce Justin Goodbread as WealthSource's new Chief Strategy Officer and Eric Patton and Jason Mirabella's new leadership roles as Chief Financial Officer and Chief Operating Officer, respectively, from their previous positions as Chief Operating Officer and Chief Platform Officer.

The Methods of Analysis, Investment Strategies and Risk of Loss section was updated to disclose that Skyview Investment Advisors, LLC may also sponsor and/or manage certain private investment funds that are recommended to clients on a non-discretionary basis as part of WealthSource's Alternative Investment Strategy Platform.

The Other Financial Industry Activities and Affiliations section was amended to update information regarding Investment Adviser Representatives of WealthSource who engage in outside business activities as Licensed Insurance Agents/Producers and to provide disclosure regarding two sub-advisers utilized by WealthSource, Connecticut Wealth, LLC and Belle Haven Investments, L.P.

The Other Financial Industry Activities and Affiliations section and the Client Referrals and Other Compensation section were amended to remove disclosures relating to The Pacific Financial Group, Inc. and FormulaFolio Investments, LLC, third-party investment managers for whom WealthSource ceased acting as a solicitor for on July 1, 2021 and July 12, 2021, respectively.

The Other Financial Industry Activities and Affiliations section and the Brokerage Practices section were amended to identify the sponsors of WealthSource's 2021 Advisor Summit and to alert clients that the receipt of sponsorships from financial industry participants whose products and/or services may be utilized in the management of client accounts creates conflicts of interest for WealthSource and to provide disclosure as to how WealthSource addresses these conflicts of interest. These sections were also updated in order to remove certain disclosures relating to 1) calendar year 2019 sponsors because conflicts resulting from such sponsorships were no longer deemed to be material due to the passage of time and 2) a transition assistance loan that WealthSource received from Raymond James Financial, Inc. in 2016, which was fully forgiven in August of 2021.

The Client Referrals and Other Compensation section was amended to remove disclosures relating to WealthSource's participation in the TD Ameritrade Institutional program, which terminated on May 13, 2021, and to provide disclosure regarding WealthSource's new solicitation arrangement with Darrel Mattivi.

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## Item 4 – Advisory Business

### BACKGROUND

WealthSource Partners, LLC is a California limited liability company that was organized on November 2, 2015, and subsequently became registered as an investment adviser on February 18, 2016. WealthSource was created from the merger of the assets of Vellum Financial, LLC, formerly a California limited liability company, and Avant-Garde Advisors LLC, formerly a Delaware limited liability company, both of which were originally formed in 2009.

WealthSource is a wholly owned subsidiary of WealthSource Holdings, Inc., a Nevada corporation (“WHI”). WHI is controlled by a Board of Directors that consists of A. Bryan Sullivan, President; Eric Patton, Secretary and Treasurer; Jon Dubravac; and M. Patrick Brewer. Mr. Sullivan is the only shareholder who owns, directly or indirectly, 25% or more of WHI’s outstanding voting securities. With respect to WealthSource, Mr. Sullivan serves as Chief Executive Officer, Mr. Patton serves as Chief Financial Officer, Mr. Brewer serves as President and Chief Marketing Officer, Mr. Dubravac serves as Chief Business Development Officer, Jason Mirabella serves as Chief Operating Officer, Justin Goodbread serves as Chief Strategy Officer, Christopher Shea serves as Chief Investment Officer and David Ito serves as Chief Compliance Officer and General Counsel.

WealthSource offers advisory services, which generally consist of (1) financial planning (level of detail and written work product will vary by IAR), (2) the provision of discretionary or non-discretionary investment recommendations relating to the purchase or sale of securities and/or the selection of third-party investment managers who are responsible for making portfolio management decisions (“Sub-Advisers”), (3) the ongoing monitoring of clients’ securities portfolios, and (4) non-discretionary recommendations regarding the purchase, exchange or surrender of insurance products. WealthSource’s advisory services are tailored to the specific needs of each client based on the client’s investment objective(s), needs, and risk tolerance as conveyed to or assessed by an investment adviser representative of WealthSource (“IAR”).

All clients can impose reasonable restrictions, at any time, on the securities or types of securities to be held in their portfolios. Restrictions, however, are deemed “unreasonable” (1) if they would interfere with the ability of WealthSource or a Sub-Adviser to make investment decisions in a timely manner, (2) if they would compel WealthSource to make investment decisions that would be inconsistent with the client’s investment objectives, needs and/or risk tolerance, or (3) with respect to assets managed by a Sub-Adviser, if the Sub-Adviser prohibits clients from imposing the requested restriction. Any investment restrictions or changes to such restrictions must be provided to WealthSource in writing and signed by the client. Please note that the imposition of one or more investment restrictions could result in investment returns that are less optimal than the investment returns that would have been achieved if no investment restrictions were imposed on WealthSource.

As of December 31, 2021, WealthSource had \$1,928,232,655 in assets under management, of which \$1,822,001,272 was managed on a discretionary basis.

## **INVESTMENT ADVISORY SERVICES**

WealthSource offers a variety of investment advisory services on a discretionary or non-discretionary basis through its IARs. These services include, but are not limited to, the creation of investment and/or asset allocation strategies that are customized by the IAR for the client and/or the creation of customized portfolio allocations to model portfolios managed by WealthSource under the direction of its Chief Investment Officer (hereafter, “**WSP Models**”) or model portfolios managed by the IAR. The types of investments held in client accounts will vary depending on the investment/asset allocation strategy and/or model portfolio utilized in the management of the client’s account and can include, but are not limited to, exchange-traded funds (“**ETFs**”), mutual funds, exchange traded notes (“**ETNs**”), variable annuities, real estate investment trusts, equities, fixed income securities, options contracts, levered ETFs, structured products and other non-publicly-traded securities such as private investment funds (e.g., private equity funds, hedge funds).

WealthSource may also utilize margin and/or engage in short selling in the management of client accounts. *Clients should be aware that the market value of a client’s account and corresponding fee payable by the client to WealthSource is generally increased as a result of the use of leverage and, consequently, a conflict of interest exists when WealthSource recommends the use of margin or short selling to clients.* Client accounts are generally rebalanced or reallocated periodically in order to reestablish the targeted percentages of the initial asset allocation. This rebalancing or reallocation will generally be performed quarterly but may be performed more or less frequently.

### **Third-Party Investment Managers**

In providing investment advisory services, WealthSource may also recommend the portfolio management services of other unaffiliated, independent investment advisers based on the needs of the client. When recommending third-party investment managers on a discretionary basis, WealthSource is responsible for performing due diligence on the third-party investment manager, hiring one or more third-party investment managers on behalf of the client, monitoring each third-party investment manager’s performance and adherence to its stated investment strategy and, if necessary, terminating the third-party investment manager on the client’s behalf. Such third-party investment managers are hereafter referred to as “**Sub-Advisers**”.

When recommending third-party investment managers on a non-discretionary basis, WealthSource will refer one or more third-party investment managers to the client for the client’s consideration. If the client elects to utilize a referred third-party investment manager, the client will enter into an investment management agreement directly with such investment manager and, consequently, WealthSource will not have the authority or ability to hire or terminate the third-

party investment manager on the client's behalf. Such third-party investment managers are hereafter referred to as "TPIMs". Clients should be aware that when WealthSource refers a TPIM, WealthSource will be acting as a solicitor for such investment managers. Under this arrangement, the client will not pay any investment advisory fees to WealthSource with respect to assets placed under the TPIM's management. Instead, WealthSource will be compensated through the receipt of solicitation fees paid by the TPIM. Please see the "[Item 5 – Fees and Compensation](#)" and the "[Item 10 – Other Financial Industry Activities and Affiliations](#)" sections below for important information regarding conflicts of interest relating to WealthSource's activities as a solicitor.

In light of the breadth of investment strategies that are available through Sub-Advisers and TPIMs and the unique combination of investment risks associated with each type of investment strategy, clients who are recommended the services of a Sub-Adviser or referred to a TPIM should carefully review the Form ADV, Part 2A (i.e., disclosure brochure), applicable Part 2Bs (i.e., brochure supplements), and Part 3 (i.e., Form CRS or client relationship summary) of the Sub-Adviser and/or TPIM for important information concerning the Sub-Adviser and/or TPIM and their investment strategies, including any associated risks and conflicts of interest.

### **PENSION CONSULTING SERVICES**

WealthSource also offers fee-only, non-discretionary pension consulting services primarily to corporate retirement plans. Such services typically include the provision of investment advice about asset classes and investment alternatives, assistance in the selection of investment options to be made available by the retirement plan to its participants, monitoring of investment options that have been selected, periodic onsite meetings with responsible plan fiduciaries and providing general education to the plan's participants.

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

WealthSource offers stand-alone financial planning services on an ad hoc, project or ongoing basis, which generally involves an analysis of the client's current financial situation, goals, and objectives in order to provide advice and/or guidance on a range of topics that may include: Investment Analysis and Planning, Retirement Planning, Charitable Planning, Education Planning, Real Estate Analysis, Mortgage/Debt Analysis and/or Insurance Analysis.

### **INSURANCE PLANNING SERVICES**

WealthSource offers discretionary and non-discretionary insurance planning services limited to insurance products recommended and/or sold by DPL Financial Partners, LLC ("DPL") to clients. As part of these services, WealthSource provides non-discretionary advice regarding the advisability of DPL's insurance recommendations in relation to the client's overall investment and financial planning objectives, needs and risk tolerance, which include recommendations to purchase a new insurance product; adding on or forgoing a rider to a new insurance product; retaining, annuitizing, exchanging, surrendering, lapsing or withdrawing from an existing

insurance product; taking out a loan from an existing insurance product and/or entering into a life and/or viatical settlement with respect to an existing insurance product as well as discretionary advice regarding the allocation of investments between variable insurance product sub-accounts, changing indices for interest-crediting rates, and/or changing an insurance product's indexing method. Please see the "[Item 10 – Other Financial Industry Activities and Affiliations](#)" section below for important information regarding WealthSource's relationship with DPL.

## **WEALTHSOURCE MANAGED WRAP FEE PROGRAM**

WealthSource sponsors the WealthSource Managed Wrap Fee Program (the "**Program**"). The Program is only available to clients already enrolled in the Program on or prior to December 30, 2019. Under a wrap fee program, the wrap fee program sponsor arranges for the client to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap fee program may cost the clients more or less than purchasing such services separately. In addition to sponsoring the Program, WealthSource also makes available some of its portfolio management services to the Program's wrap fee clients. There are no material differences in how WealthSource manages the accounts of the Program's wrap fee clients and WealthSource's other non-wrap fee clients. As compensation for its provision of portfolio management services to clients of the Program, WealthSource receives a portion of the Program's wrap fee.

## **Item 5 – Fees and Compensation**

### **INVESTMENT ADVISORY FEES**

WealthSource's annual fees for discretionary investment advisory services will consist of either (i) an investment advisory fee, (ii) an investment advisory fee and a WealthLink fee (please see the "[Item 5 – WealthLink Fees](#)" section below for more information on this fee"), (iii) an investment advisory fee and an asset management fee or (iv) an investment advisory fee and a sub-advisory fee. WealthSource's annual fees for non-discretionary investment advisory services will consist of either (i) an investment advisory fee or (ii) an investment advisory fee and a WealthLink fee. Investment advisory fees are negotiated individually with each client, however, WealthLink fees, asset management fees and sub-advisory fees are not negotiable. WealthSource's annual fees for discretionary and non-discretionary investment advisory services ("**Adviser's Fees**") are typically based on a percentage (%) of the market value of the assets under WealthSource's management, but clients may have other types of fee arrangements with WealthSource such as a flat fee arrangement. The final fee arrangement negotiated with each client will be delineated in the client's Investment Management Agreement with WealthSource ("**IMA**").

Clients generally elect to have Adviser's Fees deducted directly from their custodial accounts, but, in the alternative, may elect to be billed for such fees. When clients elect to have Adviser's

Fees deducted directly from their custodial accounts, the client's IMA and/or the custodial/clearing agreement will authorize the custodian to debit Adviser's Fees from the client's custodial accounts and authorize the custodian to remit such fees to WealthSource. In the limited event that WealthSource bills the client directly for investment advisory fees, payment is due within fifteen (15) days of the issuance of WealthSource's invoice.

Adviser's Fees are generally charged monthly in advance but may also be charged quarterly in advance or monthly or quarterly in arrears. Clients, however, should be aware that the portion of Adviser's Fees that represent sub-advisory fees may not be charged based on the same fee billing methodology as the rest of Adviser's Fees. E.g., A client utilizing a Sub-Adviser may have their sub-advisory fees deducted quarterly in arrears, but the rest of their Adviser's Fees deducted monthly in advance for the same account. Asset-based Adviser's Fees range from a minimum of 0.50% to a maximum of 2.00%, however, certain clients may be grandfathered into fee arrangements that are below the current minimum annual fee of 0.50%. Asset-based Adviser's Fees are calculated using the market value of the assets on the last business day of the previous month or quarter using an actual/365 day-count convention, depending on the negotiated fee billing methodology.

Adviser's Fees are prorated for any new account opened during a calendar month or quarter. For clients billed in advance, the prorated investment advisory fee is determined by calculating the monthly or quarterly investment advisory fee using the market value of the new assets on the date they come under WealthSource's management and then multiplying that amount by the number of calendar days left in the month/quarter, including the day the new assets came under WealthSource's management, and then dividing that amount by the number of calendar days in the month/quarter. For clients billed in arrears, the prorated investment advisory fee is determined by calculating the monthly or quarterly investment advisory fee using the market value of the new assets on the last business day of the month or quarter and then multiplying that amount by the number of calendar days in the month/quarter that the account was under WealthSource's management, including the day the new assets came under WealthSource's management, and then dividing that amount by the number of calendar days in the month/quarter. WealthSource does not prorate its investment advisory fees with respect to cash flows except as part of a new account opening.

If a client terminates their IMA prior to the end of a month or quarter and was billed in advance, the client will receive a refund of any unearned investment advisory fees that were deducted from their custodial account(s). If the client was billed in arrears, the client will be responsible for paying pro-rated investment advisory fees for services rendered up to and through the date of termination. The amount of any refund is calculated by dividing the number of calendar days left in the month/quarter after the date of termination by the total number of calendar days in the month/quarter and multiplying that amount against the investment advisory fee that was received in advance for the month or quarter. The value of any amount owed is determined by calculating the monthly or quarterly fee using the market value of the assets on the date of termination and then multiplying that amount by the number of calendar days in the month/quarter up to and

including the date of termination and then dividing that amount by the total number of calendar days in the month/quarter.

If a Sub-Adviser is utilized to manage a client's account, the Sub-Adviser's fee may be included in Adviser's Fees or charged separately by the Sub-Adviser directly to the client. In either case, clients should be aware that they may see more than one fee deduction each month from their account. E.g., If the client is billed monthly in advance by WealthSource and utilizes a Sub-Adviser who bills quarterly in arrears, client's account will have sixteen (16) deductions for Adviser's Fees each year [i.e., twelve (12) for WealthSource, four (4) for the Sub-Adviser].

Sub-advisory fees are negotiated, if possible, by WealthSource with each Sub-Adviser on behalf of WealthSource's clients as a collective group. Sub-advisory fee arrangements, sub-advisory fee calculation methodologies, and, if applicable, the method by which a Sub-Adviser values assets for fee calculation purposes may vary materially from one Sub-Adviser to another. Clients should be aware that they may be able to obtain the same or similar services offered by one Sub-Adviser from another Sub-Adviser or from WealthSource directly for a lower fee.

The Sub-Adviser's fee calculation methodology and, if applicable, the method by which the Sub-Adviser values assets for fee calculation purposes will generally be set forth in the respective Sub-Adviser's Form ADV, Part 2A, which should also disclose the Sub-Adviser's practices with respect to proration of sub-advisory fees. Clients are solely responsible for verifying the accuracy of any sub-advisory fees that are directly deducted from their accounts by a Sub-Adviser.

## **FEE DIFFERENTIALS**

Because the investment advisory fee portion of Adviser's Fees are negotiated individually with each client, two similar clients may be charged materially different Adviser's Fees based on various objective and subjective factors. These factors include, but are not limited to, the amount of assets placed under WealthSource's management, the types of securities to be managed by WealthSource, the level and scope of the overall investment advisory services to be rendered, the complexity of the engagement, and the background and experience of the IAR. Clients should be aware that the fees that WealthSource charges each client are not designed to result in the same level of net profitability for WealthSource. Although WealthSource believes that its fees are reflective of the value of the services that WealthSource provides to each client, clients should be aware that the services provided by WealthSource may be available from other investment advisers for a lower fee.

*Clients, consequently, are encouraged to review and assess the services that WealthSource offers and make their own independent determinations regarding WealthSource's investment advisory fees prior to entering into an investment advisory agreement with WealthSource.*

## **WEALTHLINK FEES**

Clients utilizing WealthLink to receive investment advisory services from WealthSource are charged a non-negotiable fee of 0.35% of the market value of the client's assets on the WealthLink platform. While the WealthLink platform can be utilized for almost any type of account at any institution, the WealthLink platform is primarily intended for use with accounts that cannot be moved to a different custodian such as employer-sponsored 401(k) and 403(b) plan accounts, health savings accounts, and accounts held in 529 plans. Accounts managed by WealthSource via the WealthLink platform that are subject to commissions, loads and/or other transaction fees are directed brokerage accounts. Please see the "[Item 12 – Directed Brokerage](#)" section below for important information regarding best execution and brokerage commissions/fees. WealthLink fees cannot be directly deducted from accounts on the WealthLink platform. Consequently, WealthLink fees will be deducted directly from another custodial account of the client's under WealthSource's management or billed directly to the client.

### **INSURANCE PLANNING FEES**

Insurance planning fees charged by WealthSource are negotiated, calculated and determined in the same manner and under the same terms and conditions as the client's negotiated investment advisory fee for investment advisory services, except that (i) instead of using the market value of the assets under WealthSource's management to calculate fees, the cash value of the insurance products sold by DLP to the client is used, (ii) for insurance planning fees billed in advance, instead of using the date that the new assets came under WealthSource's management, the date the insurance product was purchased by the client is used, (iii) with respect to clients electing to have their insurance planning fees automatically deducted as opposed to being billed directly to them, instead of deducting fees directly from the client's custodial accounts, fees will be deducted directly from the cash value of the client's insurance products and (iv) while insurance planning fees are negotiable, the fee rate and arrangement must mirror the client's negotiated investment advisory fee for investment advisory services (e.g., if the client's negotiated investment advisory fee is 2.00% of the assets under WealthSource's management, the client's negotiated insurance planning fee must be 2.00% of the cash value of the client's insurance products sold to them by DLP). Please see the "[Item 5 – Investment Advisory Fees](#)" section above for important information regarding the calculation and billing of insurance planning fees.

### **OTHER FEES AND EXPENSES CLIENTS MAY PAY**

WealthSource's investment advisory fees are exclusive of bank service fees, interest on loans and debit balances, wire transfer and electronic fund transfer fees, interest on margin accounts, borrowing charges on securities sold short, odd-lot differential fees, transfer taxes, and other fees and taxes on brokerage accounts and securities transactions.

For those clients not participating in the Program, WealthSource's investment advisory fees are also exclusive of brokerage commissions and/or transaction fees for effecting securities transactions (e.g., transaction fees for certain no-load mutual funds, commissions on

stocks/equity securities, asset-based pricing service fees) and custodial fees. Please see the “[Item 12 – Brokerage Practices](#)” section below for discussions regarding certain expenses and brokerage, respectively, which may be relevant to this discussion of fees and your assessment of WealthSource’s services. Clients participating in the Program should be aware that WealthSource has a conflict of interest when it recommends mutual funds available for purchase on a no-load and/or no-transaction fee basis over other comparable mutual funds that are subject to sales charges, which could have lower expense ratios, as the selection of such mutual funds may ultimately reduce WealthSource’s costs in operating the Program and such cost savings are not passed through to the client.

Clients should also be aware that WealthSource may recommend ETFs and mutual funds as part of its investment strategies. Investments in ETFs, mutual funds, including closed-end mutual funds, and private investment funds, however, generally include an embedded investment advisory fee paid to an unaffiliated third-party investment manager. As such, clients with investments in these types of securities are subject to two layers of investment advisory fees.

### **SOLICITATION FEES**

As noted above, when WealthSource refers TPIMs on a non-discretionary basis to clients, WealthSource acts as a solicitor for the TPIM and typically shares in the fees received by the TPIM from WealthSource’s clients who were referred to the TPIM. The receipt of solicitation fees by WealthSource creates a material conflict of interest as WealthSource will be acting as an agent for the TPIM and the client simultaneously and the recommendation of the TPIM may be influenced by the solicitation fee to be received by WealthSource rather than solely on the needs and best interests of the client. WealthSource addresses this conflict of interest by providing disclosure to effected clients of the specific solicitation arrangement in a Solicitor Disclosure Document and disclosure of the conflict in this Disclosure Brochure. Clients should be aware that they may be able to access the services of the TPIM directly, without WealthSource’s involvement, or through other investment advisers at a lower cost than through WealthSource. If you did not receive a copy of WealthSource’s Solicitor Disclosure Document, please contact us at (805) 546-1000.

### **PENSION CONSULTING FEES**

WealthSource’s annual fees for non-discretionary pension consulting services are based on either a percentage (%) of the market value of the pension assets being serviced, generally in a range from 0.35% to 1.00%, or a flat amount. All non-discretionary pension consulting arrangements, including the fees to be paid, however, are negotiated individually with each retirement plan client based on the types of services being provided under the engagement.

Pension consulting fees may be deducted directly from the retirement plan’s custodial account(s), including from the accounts of its participants; billed directly to the retirement plan; or billed directly to the retirement plan’s sponsor. If WealthSource’s pension consulting fees are

to be deducted directly from the retirement plan's custodial accounts, the ERISA Non-Discretionary Investment Management Agreement ("EIMA") between WealthSource and the retirement plan client will authorize the custodian to debit the retirement plan client's accounts for the amount of WealthSource's pension consulting fee and to remit such fee to WealthSource. If WealthSource bills the retirement plan client directly for pension consulting fees, payment is due within fifteen (15) days of the issuance of WealthSource's invoice.

Pension consulting fees are generally deducted or billed quarterly in arrears, based on the market value of the assets being serviced by WealthSource as of the last business day of the quarter, but may be billed quarterly or monthly in advance or monthly in arrears in certain circumstances. Pension consulting fees are prorated for any new account opened during a quarter or month.

The EIMA will continue in effect until terminated by either party by written notice in accordance with the terms of the EIMA. If a client terminates their EIMA prior to the end of a quarter or month and was billed in advance, the client will receive a refund of any unearned pension consulting fees that were deducted from their custodial account(s). If the client was billed in arrears, the client will be responsible for paying pro-rated pension consulting fees for services rendered up to and through the date of termination. The amount of the refund is calculated by dividing the number of calendar days left in the quarter/month after the date of termination by the total number of calendar days in the quarter/month and multiplying that amount against the pension consulting fee that was received by WealthSource in advance for the quarter/month. The value of any amount owed is calculated by dividing the number of calendar days in the quarter/month up to and including the date of termination by the total number of calendar days in the quarter/month and multiplying that amount against the market value of the assets on the date of termination.

### **FINANCIAL PLANNING FEES (STAND-ALONE)**

WealthSource's financial planning fees are based on either a fixed, hourly or annual fee basis, but are negotiable in all cases. On an hourly fee basis, WealthSource generally charges \$300 per hour for IARs and \$75 per hour for administrative time. Hourly financial planning fees are paid quarterly in arrears or upon termination of the client's Financial Planning Agreement with WealthSource ("FPA").

On a fixed fee basis, WealthSource's financial planning fees range between \$1,000 to \$50,000 depending on the level and scope of the service required and the professional(s) rendering the service. Fixed fees are generally paid 50% in advance, but never more than six months in advance, with the remainder due within thirty (30) days of the completion of the financial planning service. If the FPA is terminated prior to completion of the financial plan, the fixed fee arrangement will convert to an hourly fee arrangement but will be capped at the negotiated fixed fee amount. If the financial planning services rendered on an hourly basis exceed the amount paid in advance by the client, the client will owe the difference up to the amount of the negotiated fixed fee amount. If the financial planning services rendered on an hourly basis are less than the

amount paid in advance by the client, the client will be refunded the difference.

Annual fees for ongoing stand-alone financial planning services are based on a negotiated fixed fee, which is typically payable quarterly in advance.

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

Neither WealthSource nor any IAR of WealthSource accepts performance-based fees.

## **Item 7 – Types of Clients**

WealthSource’s clients primarily include individuals, high net worth individuals and corporations. WealthSource generally requires a minimum account opening balance of \$100,000. Multiple accounts of immediately-related-family members, at the same mailing address, may be considered one consolidated account (“**Household**”) for purposes of meeting the minimum account opening balance threshold. Furthermore, WealthSource, in its sole discretion, may reduce or waive its minimum account opening balance requirement based on certain criteria (e.g., anticipated assets to be put under WealthSource’s management in the future, the dollar amount of the assets to be managed, related accounts under WealthSource’s management, and account composition). Sub-Advisers recommended by WealthSource may also impose minimum account opening balance requirements, which may be materially different from those of WealthSource, and may not household accounts in determining whether minimum account opening requirements have been met.

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

### **METHODS OF ANALYSIS**

IARs and/or WealthSource may use one or a combination of the following methods of securities analysis, directly or indirectly, as part of their overall investment management discipline.

#### ***Fundamental Analysis***

This is a technique that attempts to determine a security’s value by focusing on the underlying factors that affect a company’s actual business and its prospects. Fundamental analysis is about using real data to evaluate a security’s value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. One of the primary assumptions of fundamental analysis is that the market price for a security does not fully reflect the security’s “real” value. WealthSource and/or IARs may evaluate a combination of qualitative and quantitative factors to identify undervalued securities, based on both macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors such as financial condition and management.

### **Technical Analysis**

This is a technique that attempts to determine a security's value by developing models and trading rules based on price and volume transformation. Technical analysis assumes that market prices reflect all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act on relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as trends, market participant behaviors, supply and demand and pricing patterns and correlations.

### **Cyclical Analysis**

This is a technique that analyzes historical relationships between price and market trends, to forecast the direction of prices. WealthSource and/or IARs may use cyclical analysis in conjunction with other strategies to help determine if shifts are required for its clients' investment strategies depending on long and short-term trends in financial markets and the performance of the overall national and global economy.

### **Research**

IARs have access to various research reports and/or sources as well as model portfolios, discussed further below, that they may utilize in determining the investment advice to be given to the client. IARs chooses their own research methods, investment styles and management philosophies. Although WealthSource may distribute recommendations to IARs on various topics such as asset allocation, individual securities or investment strategies, IARs may elect not to follow those recommendations in providing investment advice to clients. The following are some types of research that may be utilized by WealthSource and/or its IARs in determining the investment advice to be given to a client: Morningstar reports, financial newspapers and magazines (e.g., the Wall Street Journal, Forbes, etc.), annual reports, prospectuses, research materials prepared by others, SEC filings, press releases, corporate rating services, and company websites.

## **INVESTMENT STRATEGIES**

As noted above, each IAR determines their own investment styles and management philosophies that they utilize in providing investment advice to clients. Consequently, while WealthSource offers a wide variety of investment strategies to its clients, the availability of any particular investment strategy, including WSP Models, is dependent on the IAR. Investment strategies utilized by IARs, including WSP Models, may involve the frequent trading of securities, which may result in increased brokerage and other transaction costs and taxes for clients.

The development and maintenance of the Dynamic Allocation Models, Dynamic Allocation CA

Tax-Aware Models, Dynamic Allocation National Tax-Aware Models, ESG Innovation Models, and Multi-Asset Income Models (collectively, “**Dynamic Models**”), part of the WSP Models, are materially supported by BlackRock Fund Advisors and/or its affiliates, including BlackRock Investments, LLC (collectively, “**BlackRock**”), which provides WealthSource with investment research, model recommendations and marketing support at no cost. Research and recommendations provided by BlackRock to WealthSource, however, predominantly favor the use of iShares ETFs, which are distributed by BlackRock. While WealthSource is under no obligation to utilize iShares ETFs in the management of the Dynamic Models, such models will predominantly and sometimes exclusively utilize iShares ETFs in their construction. This creates a material conflict of interest for WealthSource as the receipt of such services from BlackRock reduces WealthSource’s operating costs, which creates an incentive for WealthSource to recommend and utilize products sponsored or distributed by BlackRock in the management of all client accounts. Clients of WealthSource invested in the Dynamic Models may incur commissions or transaction fees when purchasing iShares ETFs. Clients should be aware that ETFs that are not sponsored or distributed by BlackRock that are comparable to iShares ETFs, with potentially lower internal expense ratios, may be available for investment without incurring any commissions or transaction fees. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding BlackRock.

The development and maintenance of the Strategic Allocation Models and the Tax Management Strategic Allocation Models (collectively, “**Strategic Models**”), part of the WSP Models, are materially supported by Russell Investments Group, LLC and/or its affiliates (collectively, “**Russell Investments**”), which provides WealthSource with investment research, models and marketing support at no cost. When providing mutual fund recommendations to WealthSource for the Strategic Models, Russell Investments only recommends mutual funds that they sponsor or offer. This creates a material conflict of interest for WealthSource as the receipt of such services from Russell Investments reduces WealthSource’s operating costs, which creates an incentive for WealthSource to recommend and utilize products sponsored or distributed by Russell Investments in the management of all client accounts. Clients of WealthSource invested in the Strategic Models may incur commissions/loads or transaction fees when purchasing mutual funds sponsored or offered by Russell Investments. Clients should be aware that mutual funds with lower internal expense ratios and/or which are available without incurring any commissions/loads or transactions fees that are otherwise comparable to those offered or sponsored by Russell Investments may be available for investment. It is, however, WealthSource’s belief that the Strategic Models would not operate as intended if such substitutions were made. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding Russell Investments.

The development and maintenance of the Multi-Dimension Allocation and the Multi-Dimension Allocation Plus Models (collectively, “**MDA Models**”), part of the WSP Models, are materially supported by Dimensional Fund Advisors LP and/or its affiliates (collectively, “**DFA**”), which provides WealthSource with investment research, models and marketing support at no cost. Research and recommendations provided by DFA to WealthSource, however, predominantly

favor the use of mutual funds and/or ETFs that are sponsored, managed, or distributed by DFA (collectively, “**DFA Funds**”). WealthSource, however, is under no obligation to utilize DFA Funds in the management of the MDA Models. The receipt of such services from DFA, however, reduces WealthSource’s operating costs, which creates an incentive for WealthSource to recommend and utilize DFA Funds in the management of all client accounts. Clients of WealthSource invested in the MDA Models may incur commissions or transaction fees when purchasing DFA Funds. Clients should be aware that mutual funds and/or ETFs with lower internal expense ratios and/or which are available without incurring any commissions/loads or transactions fees that are otherwise comparable to the DFA Funds may be available for investment. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding DFA.

The Large-Cap Core Equity Strategy, Large-Cap Equity Opportunities Strategy, SMID-Cap Equity Opportunities Strategy and the Select Equity Opportunities Strategy are WSP Models created from investment research obtained from Skyview Investment Advisors, LLC (“**Skyview**”). Additionally, Skyview may sponsor and/or manage certain private investment funds that are recommended to clients on a non-discretionary basis as part of WealthSource’s Alternative Investment Strategy Platform. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding Skyview.

## **RISK OF LOSS**

All investing involves risk of loss, including the possible loss of all amounts invested. No methodology or investment strategy is guaranteed to be successful or profitable. Furthermore, different types of investments involve varying degrees of risk, and it should not be assumed that the future performance of any specific investment or investment strategy, including the investments and/or investment strategies recommended or undertaken by WealthSource, will be profitable or equal any specific performance level(s).

While WealthSource uses tools to try to reduce risk, the risk of loss always exists. In some cases, the amount of potential loss may exceed the amount of principal invested if leveraging tactics, such as margin or short selling, are used in the management of your account. Investing generally works best when we understand your risk tolerance and when you communicate any changes to your investment objectives, needs, risk tolerance, and expectations to us promptly.

A number of material risks associated with WealthSource’s investment strategies and the securities used to implement those strategies are set forth below. The following, however, is not meant to be a complete description of risks as WealthSource does not primarily recommend any particular type of security or investment strategy, but rather tailors its recommendations to the needs of its clients.

### **General Risks**

- Advisory / Management Risk: There is no guarantee that WealthSource’s judgment or investment decisions will necessarily produce the intended results. WealthSource’s judgment may prove to be incorrect, which could result in clients not achieving their investment objectives.
- Alternative Investments Risk: Alternative investments as well as securities that invest primarily in alternative investments and/or strategies may not be suitable for all investors and involve special risks, such as risks associated with commodities, real estate, leverage, selling securities short, derivatives, structured products and potential illiquidity.
- Credit / Counterparty Risk: Certain securities, such as exchanged-traded notes (i.e., ETNs) and structured products (e.g., digital barrier notes, contingent coupon callable yield notes, auto-callable step-up notes) are exposed to the risk that adverse economic events (e.g., bankruptcy or insolvency) may prevent the issuer or counterparty of a security from meeting its financial obligations thus impairing or erasing the value of the security.
- Exchange-Traded Funds: ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread,” which generally varies based on the ETF’s trading volume and market liquidity. Although many ETFs are registered as investment companies under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- Focused Investment Risk: A strategy which invests in a focused portfolio of securities may be subject to increased risk because changes in the value of one of the securities may have a greater impact on the total value of the portfolio than if the portfolio is invested in a large number of issuers.
- Foreign Investment Risk: Investments in securities of foreign issuers may involve risks that include fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protections. These risks may be more pronounced for investments in developing countries.
- Frequent Trading Risk: A strategy involving the frequent trading of securities generally results in significantly higher portfolio turnover rates and can negatively affect investment performance due to increased brokerage commissions, transactions fees and expenses and/or financing charges. In addition, frequent trading is likely to result in short-term capital gains tax treatment.
- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. This effect is typically more pronounced for intermediate and longer-term obligations.
- Liquidity Risk: Due to a lack of demand in the marketplace or other factors, it may not be possible to sell certain securities promptly or it may only be possible to sell certain securities at less than desired prices making it difficult to value the security or sell it in a timely manner at an acceptable price.
- Margin Risk: If the securities in a margin account decline in value, the value of the collateral supporting the margin loan also declines, which could result in a margin call

that could (1) force you to sell securities or other assets in the account, (2) result in the broker-dealer selling your securities or other assets without contacting you, and/or (3) result in the broker-dealer moving securities from your other account(s) to your margin account and pledging the transferred securities. Additionally, since you are borrowing funds to purchase securities, you can incur losses greater than the amount of your investment.

- **Market Risk**: The price of any security, including bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Model Risk**: All models utilized in the management of client accounts carry the risk that the model might be based on one or more incorrect assumptions.
- **Options Risk**: Certain types of options trading may be used to gain long exposure to a security for a specific period of time (i.e., purchasing call options), to offset/hedge a potential market risk in a client's portfolio (i.e., purchasing put options on a security held in the client's account) or to generate income (i.e., selling (writing) covered call options). When writing covered call options, there is the additional risk that you may no longer own the underlying security if it is called away.
- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Short Selling Risk**: When short selling, there is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, wherein the seller might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- **Sub-Advisers**: WealthSource may recommend Sub-Advisers to certain clients. The methods of analysis and material risks associated with investment strategies implemented by Sub-Advisers are typically the same as comparable investment strategies that are created and maintained by WealthSource, however, since WealthSource is not involved in the day-to-day management of such Sub-Advisers, investments managed by Sub-Advisers are subject to possible defaults or misconduct on the part of the Sub-Adviser. Additionally, assets managed by a Sub-Adviser may experience service disruptions in the event that the Sub-Adviser is unable to operate or continue business for a period of time due to a natural disaster or other business disruption event.
- **Private Investment Funds**: Investments in private investment funds pose greater risks for clients than investments in publicly-traded securities because of their lack of liquidity and transparency, as well as other material risks described in their offering materials, which should be read carefully by clients before investing.

### **Additional Risks - Tactical Investment Strategies**

- **Model Risk**: All quantitative analysis carries a risk that the mathematical model used might be based on one or more incorrect assumptions.
- **Data Risk**: Algorithmic trading systems rely on the cleanliness and accuracy of the underlying data (such as stock or ETF prices) that are input into the algorithms to generate exposure recommendation signals. If input data is inaccurate, then the data output will be similarly tainted.
- **Hacking Risk**: There is a risk that unauthorized outside interference with the programming or distribution method of a third-party algorithmic trading system could impair its ability to function as designed.
- **Quantitative Risk**: Rapidly changing and unforeseen market dynamics could lead to a decrease in the short-term effectiveness of an algorithmic trading system.
- **Macroeconomic Risk**: Unusual events, such as those resulting from shifts in geo-political, systematic, economic, or social conditions, may result in abrupt changes to a security's price, which could upset the model's ability to generate reliable trade signals.
- **Licensing Risk**: As WealthSource is not the proprietary owner of the algorithmic trading systems that it uses to manage client accounts, WealthSource may not be able to provide uninterrupted and/or consistent advisory services to those clients whose assets are invested using an algorithmic trading system.

### **Item 9 - Disciplinary Information**

Neither WealthSource nor any of its management persons have been the subject of any legal or disciplinary events that are material to an evaluation of WealthSource's advisory business or the integrity of its management.

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

**Registered Representatives**: IARs, in their individual capacities separate from WealthSource, may be registered representatives of broker-dealers that are unaffiliated with and independent of WealthSource ("**Registered Representatives**"). Registered Representatives may recommend and/or sell certain investment products on a commission basis to clients. WealthSource does not charge any investment advisory fees on such investments, does not share in any commission revenue received by Registered Representatives and does not provide any investment advisory services with respect to such investments. The receipt of commission compensation by Registered Representatives, however, creates a conflict of interest as the recommendation to purchase an investment product may have initially resulted from financial planning services provided to the client and may be influenced by the commission compensation to be received, rather than solely on the needs and best interests of the client. WealthSource addresses this conflict of interest by disclosing the conflict in this Disclosure Brochure and reminding clients

that they are under no obligation to use the brokerage services of Registered Representatives.

- Gordon, Eugene (CRD No. 4744448) – Fortune Financial Services, Inc. (CRD No. 42150)
- Propst, Joel (CRD No. 2029338) – Fortune Financial Services, Inc.
- Swanson, Kevin (CRD No. 2528342) – APW Capital, Inc. (CRD No. 43814)

Insurance Agents and/or Agencies: IARs, in their individual capacities separate from WealthSource, may be licensed insurance agents (“**Insurance Agents**”) and may recommend and/or sell certain insurance products on a commission basis to clients. WealthSource does not charge any investment advisory fees on insurance products purchased on a commission basis, does not share in any commission revenue received by Insurance Agents, and does not provide any ongoing investment advisory services with respect to such insurance products. The receipt of commission compensation by Insurance Agents, however, creates a conflict of interest as the recommendation to purchase an insurance product may have initially resulted from financial planning services provided to the client and may be influenced by the commission compensation to be received, rather than solely on the needs and best interests of the client. Additionally, the services of Insurance Agents may be recommended by WealthSource and/or its other non-insurance licensed IARs. As a result of such referrals, Insurance Agents and/or their affiliated insurance agencies, which includes a WealthSource affiliate, may receive increased compensation creating a conflict of interest. WealthSource addresses these conflicts of interest by disclosing them in this Disclosure Brochure and reminding clients that they are under no obligation to use the services of Insurance Agents or their affiliated Insurance Agencies.

- Insurance Agents
  - Brewer, M. Patrick (TX License #2010965)
  - Campbell, Alan (CA License #0775396)
  - Ermelbauer, Carl (CA License #0M76409)
  - French, David (TX License #2529439)
  - Gavlak, Robert (OH License #795947, NC License #0014602922, TX License #2209398)
  - Gordon, Eugene (CA License #0E48642)
  - Guerra, Paul (OH License #192914)
  - Hansen, Nicolaus (CO License #669918)
  - Hazama, Davee (CA License #0C02823)
  - Jeter, Jeffrey (PA License #991276, TN License #2289273, WV License #10406521)
  - Leedom, Zachary (AZ License #19627518, CA License #4144501, CO License #733622, FL License #W835006, GA License #3383185, HI License #554413, ID License #908867, IL License #19627518, MA License #2178918, ME License #PRN409860, MI License #1111495, MN License #40786577, MT License #3001774985, NC License #19627518, NE License #19627518, NJ

License #3001418186, NV License #3764256, OH License #1319947, OK License #3001775046, OR License #19627518, PA License #1053153, SC License #19627518, TN License #3001775132, TX License #2798601, VA License #1291987, WV License #19627518)

- Marshall, Graham (TX License #883250, FL License #P140905)
  - McManus, John (CA License #0D28311)
  - Murray, Jeffrey (CO License #399311, CA License #0B20030)
  - Power, Timothy (TX License #1580279 & 1916322, MA License #1869732, OH License #1297790, CA License #0H22278, NC License #0014113336)
  - Propst, Joel (CO License #30157, AZ License #718437, HI License #119331, IL License #718437, MI License #0315495, MN License #20253605)
  - Rostykus, Nicholas (OK License #40128889, TX License #1650116 & 1650120)
  - Seufer, David (CO License #328006)
  - Sullivan, A. Bryan (CA License #0B55578)
  - Swanson, Kevin (CA License #0B59064)
  - Tesch, Robert (CO License #1994)
  - Whitlock, Amanda (OH License #1261361)
  - Wolk, Peter (FL License #E035807, MA License #1717323)
  - Zivich, Jason (CA License # 0G63428)
- Insurance Agencies
    - AMG Group, LLC (OH License #1417742)
    - Opis Insurance Services, Inc. (CA License #0B60885)
    - Strategic Planning LLC (CO License #441939)
    - WealthSource Insurance Solutions, LLC (AZ License #3001785525, CA License #6006980, CO License #734619, HI License #554891, ID License #908997, IL License #3001785557, ME License #AGN410439, MN License #40789519, MT License #3001775003, NC License #3001785495, NE License #3001785402, NJ License #3001764326, NV License #3764801, OH License #1422695, OK License #3001785592, OR License #3001807010, PA License #1058145, SC License #3001785424, TN License #3001785474, TX License #2803769, VA License #153293, WV License #3001785600)

Certified Public Accountants and Public Accounting Firms: IARs, in their individual capacities separate from WealthSource, may be a certified public accountant or an accountant or tax preparer working for a public accounting firm. Clients assigned to such IARs may receive tax preparation and planning, bookkeeping and/or accounting services (collectively, “**Tax/Accounting Services**”) from such IARs and/or the public accounting firms that they are associated with (collectively, “**CPAs**”), which are separate from WealthSource’s investment advisory and financial planning services. WealthSource does not share in any fees charged by CPAs for Tax/Accounting Services. Tax/Accounting Services clients of a CPA may be solicited

to become clients of WealthSource by the IAR and WealthSource clients of the IAR may be solicited to become Tax/Accounting Services clients of the CPA. Consequently, a conflict of interest arises in both situations as it may result in increased compensation to the IAR. WealthSource addresses this conflict of interest by disclosing it and reminding prospective clients that they are not under any obligation to engage the investment advisory services of WealthSource or the Tax/Accounting Services of CPAs and that comparable services may be available from other investment advisers and accountants, respectively.

- Certified Public Accountants
  - Baysinger, David (CO License #CPA.0024078)
  - Elsensohn, Kelly (CO License #CPA.0016850)
  - French, David (TX License #109540)
  - McManus, John (CA License #57488)
  - Rohr, Daniel (CA License #116268)
  
- Public Accounting Firms
  - David French & Associates, PLLC (TX License #C10307)
  - Elsensohn & Associates, P.C. (CO License #FRM.0012720)
  - Rohr & Associates, Inc. (CA License #6966)

DPL Financial Partners, LLC (“DPL”, KY License #954464, CA License #0M42434, NAIC NPN 18412895): WealthSource has entered into a Membership Agreement with DPL, which operates a turnkey insurance management platform. As a result of WealthSource’s membership, clients have access to a variety of insurance products (e.g., life insurance, variable annuities, fixed index annuities, single premium immediate annuities, buffer annuities, fixed annuities) that are generally commission-free. Consequently, the insurance products available from DPL will oftentimes differ from those available from IARs in their separate individual capacity apart from WealthSource as licensed insurance agents or from other third-party insurance agents. As part of its service offering, DPL receives compensation from WealthSource in the form of an annual membership fee and compensation from the carriers underwriting the insurance products sold by DPL to clients in the form of an administrative fee. WealthSource does not share in any compensation received by DPL but assesses an Insurance Planning Fee based on the cash value of the insurance products sold by DPL to clients. Clients are under no obligation to utilize DPL’s services and may seek insurance products, services and/or advice from any licensed agent.

BlackRock Fund Advisors (“BlackRock”, CRD No. 105247): BlackRock has granted WealthSource with access to its Aladdin® Platform, a portfolio management and risk analytics operating system, as well as marketing support at no cost to WealthSource. Investment models generated by the Aladdin® Platform are used by WealthSource in the development and maintenance of the Dynamic Models. The investment models generated by the Aladdin® Platform predominantly and sometimes exclusively utilize iShares ETFs, which are sponsored, distributed and/or advised by BlackRock. WealthSource’s receipt of investment research,

models and/or technology from BlackRock creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource's operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock does not provide and is not responsible for providing investment advice to clients of WealthSource, does not participate in or make any investment decisions on behalf of WealthSource or clients of WealthSource, does not endorse any investment decision or recommendation made by WealthSource or its IARs, and has no obligation to continue to provide WealthSource with its investment models and/or access to the Aladdin® Platform. Please see "[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)" for additional information relating to the conflicts of interest associated with WealthSource's use of BlackRock's investment research, models and technology.

In addition to investment research, models and/or technology, BlackRock provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock also sponsored WealthSource's 2018, 2019 and 2021 Advisor Summits, which reduced the cost to WealthSource of hosting them and thus created a conflict of interest for WealthSource because it created an incentive for WealthSource to recommend and use iShares ETFs and/or other BlackRock products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with BlackRock.

Russell Investments Group, LLC ("**Russell Investments**"): Russell Investments, which includes Russell Investments Financial Services, LLC (CRD No. 21771) and Russell Investments Management, LLC (CRD No. 105734), provides WealthSource with investment research, models and marketing support at no cost. Investment models provided by Russell Investments are used by WealthSource in the development and maintenance of the WSP Strategic Allocation Models and their related series. Mutual fund recommendations provided to WealthSource by Russell Investments, however, are exclusively limited to mutual funds that are sponsored or offered by Russell Investments. WealthSource's receipt of investment research, models and/or marketing support from Russell Investments creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource's operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use Russell Investments' products in the investment management of client accounts. Please see "[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)" for additional information relating to the conflicts of

interest associated with WealthSource's use of Russell Investments' investment research, models and marketing support.

In addition to investment research, models and/or marketing support, Russell Investments provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of Russell Investments' products in the investment management of client accounts. Russell Investments also sponsored WealthSource's 2019 Advisor Summit, which reduced WealthSource's cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it created another incentive for WealthSource to recommend and use Russell Investments' products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with Russell Investments.

Dimensional Fund Advisors LP (“DFA”, CRD No. 106482): DFA provides WealthSource with investment research, models and marketing support at no cost. Investment models provided by DFA are used by WealthSource in the development and maintenance of the MDA Models. Mutual fund and/or ETF recommendations provided to WealthSource by DFA, however, predominantly favor the use of DFA Funds. WealthSource's receipt of investment research, models and/or marketing support from DFA creates a conflict of interest for WealthSource because the receipt of these benefits reduces WealthSource's operating costs, which, in turn, creates an incentive for WealthSource to recommend and/or use DFA Funds in the investment management of client accounts. Please see “[Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#)” for additional information relating to the conflicts of interest associated with WealthSource's use of DFA's investment research, models and marketing support.

In addition to investment research, models and/or marketing support, DFA provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for WealthSource as it creates another incentive for WealthSource to recommend the use of DFA Funds in the investment management of client accounts. DFA also sponsored WealthSource's 2021 Advisor Summit, which reduced WealthSource's cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it created another incentive for WealthSource to recommend and use DFA's products in the investment management of client accounts.

WealthSource addresses these conflicts of interest by (1) providing disclosure of the relationship

and the associated conflicts of interest to clients in this Disclosure Brochure and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of DFA Funds.

Skyview Investment Advisors, LLC (“**Skyview**”, CRD No. 286353): WealthSource has entered into a Model Portfolio and Investment Subadvisory Services Agreement with Skyview pursuant to which Skyview has agreed to provide to WealthSource with (1) investment models and ongoing investment, allocation and/or rebalancing recommendations relating to such models and (2) investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Skyview also sponsored WealthSource’s 2021 Advisor Summit, which reduced WealthSource’s cost in hosting the Advisor Summit and thus created a conflict of interest for WealthSource because it created an incentive for WealthSource to recommend Skyview’s investment models, sub-advisory services, and/or private investment funds in the investment management of client accounts.

Connectus Wealth, LLC (“**Connectus**”, CRD No. 310912): WealthSource has an Investment Sub-Advisory Agreement with Connectus, a Sub-Adviser, pursuant to which Connectus provides discretionary investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Belle Haven Investments, L.P. (“**Belle Haven**”, CRD No. 29278): WealthSource has a Subadvisory Agreement with Belle Haven, a Sub-Adviser, pursuant to which Belle Haven provides discretionary investment sub-advisory services to separately managed accounts belonging to clients of WealthSource.

Two Rivers Fiduciary Co. (“**Two Rivers**”): WealthSource may recommend the trust, estate, fiduciary, custodial and/or other services of Two Rivers, a Colorado corporation that operates as Two Rivers Trust Co. and is a trust service office of The Midwest Trust Company, a Kansas non-depository trust company. Douglas Boyd May, IAR, is an indirect owner of Two Rivers and serves as a Director on Two Rivers’ Board of Directors. Two Rivers may use WealthSource’s investment advisory services for its clients in need of such services. Consequently, conflicts of interest exist when WealthSource recommends the services of Two Rivers to its existing or prospective clients. WealthSource addresses these conflicts of interest by disclosing them in this Disclosure Brochure and reminding clients that they are under no obligation to use the services of Two Rivers. Please see the “[Item 12 – Brokerage Practices](#)” section for additional information regarding Two Rivers.

Totus Tuus Consulting, Inc. (“**Totus Tuus**”, FL Ins. License No. R034166): WealthSource has entered into a solicitation arrangement with Totus Tuus Consulting, Inc., a licensed insurance agency in the state of Florida, which is owned and operated by Francis Joseph Benischeck (FL

Ins. License No. A018942), a licensed insurance agent in the State of Florida, pursuant to which Totus Tuus is compensated by WealthSource for referrals of prospective investment advisory clients. In light of this compensation arrangement, clients should be aware that Totus Tuus and Mr. Benischeck have a conflict of interest when recommending the investment advisory services of WealthSource. Please see “[Item 14 – Client Referrals and Other Compensation](#)” for additional information regarding this solicitation arrangement.

Timberline Bank (“**Timberline**”, FDIC #57857): WealthSource has entered into a solicitation arrangement with Timberline Bank, a Colorado bank regulated by the Federal Deposit Insurance Corporation, pursuant to which Timberline is compensated by WealthSource for referrals of prospective investment advisory clients. In light of this compensation arrangement, clients should be aware that Timberline has a conflict of interest when recommending the investment advisory services of WealthSource. Please see “[Item 14 – Client Referrals and Other Compensation](#)” for additional information regarding this solicitation arrangement.

2021 WealthSource Advisor Summit Sponsors: In October of 2021, WealthSource held its most recent Advisor Summit. Various financial industry participants sponsored the Advisor Summit by paying summit expenses on behalf of WealthSource. In turn, all sponsors were given the opportunity to advertise at the Advisor Summit, meet with IARs face to face or in groups and present for a segment of the Advisor Summit. The majority of sponsors were investment advisers to or underwriters/distributors of mutual funds and/or exchange-traded funds, which may be recommended to clients and/or utilized in the investment management of client accounts. In addition to those investment products, many of the Advisor Summit Sponsors and/or their affiliates offer other proprietary investment products and/or services, which may also be recommended to clients and/or utilized in the investment management of client accounts. Consequently, WealthSource’s receipt of sponsorships creates a conflict of interest for WealthSource because it creates an incentive for WealthSource to recommend to clients (1) the proprietary investment products and/or services of the Advisor Summit Sponsors or their affiliates and (2) any non-proprietary investment products that Advisor Summit Sponsors or their affiliates serve as the investment adviser, underwriter or distributor to. WealthSource addresses these conflicts of interest by providing disclosure of these sponsorships and the associated conflicts of interest to clients in this Disclosure Brochure and reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products and/or services associated with sponsors or their affiliates. The 2021 Advisor Summit Sponsors were:

- BlackRock Investments, LLC (CRD No. 38642) – 2018 and 2019 sponsor
- Skyview Investment Advisors, LLC (CRD No. 286353)
- Dimensional Fund Advisors LP (CRD No. 106482)
- Charles Schwab & Co., Inc. (CRD No. 5393)
- Orion Advisor Services, LLC – 2018 sponsor

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

WealthSource maintains a Code of Ethics that includes (1) standards of business conduct that all of our supervised persons are expected to adhere to; (2) a prohibition on insider trading; (3) provisions relating to the receipt and giving of gifts, and (4) policies and procedures requiring the periodic reporting of personal securities transactions and holdings. *As our client or prospective client, you are entitled to a copy of our Code of Ethics upon request. You may request a copy by contacting us at (805) 546-1000.*

WealthSource and/or its supervised persons may buy or sell securities that are also held by or recommended to clients and may occasionally trade in securities in a personal account, at or about the same time that WealthSource trades in the same security, or a related security, for a client account. When either of these situations occur, conflicts of interest exist because WealthSource and/or its IAR(s) (1) may have an incentive not to recommend the sale of those securities to clients in order to protect the value of a personal investment (2) may have an incentive to recommend the purchase of those securities to clients in order to immediately sell it at a profit in a personal account upon the rise in market price (i.e., scalping) and (3) may have an incentive to place personal investment orders before those of clients in order to obtain a better price and/or otherwise materially benefit from the purchase or sale of those securities (i.e., front run). When engaging in personal trading, we believe that our clients' interests should come first, and our supervised persons are reminded of WealthSource's fiduciary duty and their obligation to comply with WealthSource's standards of business conduct. Additionally, WealthSource monitors the personal securities transactions and holdings of its access persons for any activity that may indicate a violation of WealthSource's Code of Ethics.

## **Item 12 – Brokerage Practices**

### **RECOMMENDING BROKER-DEALERS**

WealthSource generally recommends that investment advisory accounts be maintained at the following qualified broker-dealer custodians: Charles Schwab & Co., Inc. (“**Schwab**”), TD Ameritrade, Inc. (“**TDA**”) and Raymond James & Associates, Inc. (member New York Stock Exchange/SIPC) collectively with Schwab and TDA, “**Primary Custodians**”). In certain situations, however, WealthSource may also recommend the custodial services of Two Rivers, a trust service office of The Midwest Trust Company, a Kansas state-chartered trust company. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” section for additional information regarding Two Rivers. All of the custodians noted above are independent of and unaffiliated with WealthSource except for Two Rivers, which is indirectly owned, in part, by an IAR, Douglas Boyd May. For clients who choose the custodial services of a Primary Custodian for their accounts, all transactions will typically be executed by the Primary Custodian selected by the client, however, WealthSource may use other broker-dealers to execute trades

for client accounts, a practice sometimes referred to as trading away or prime brokerage depending on the custodial arrangement the client has selected.

Clients should be aware that when WealthSource places trades for clients with broker-dealers other than the client's custodian, the client will typically incur prime brokerage or trade away fees imposed by the custodian that are in addition to any brokerage commissions, transaction fees and/or markups/markdowns charged by the executing broker-dealer. Depending on the size of the order being placed for the client and the share price of the security in question, the amount of the prime brokerage or trade-away fee that may be applied by the custodian may exceed any potential execution benefits the client may obtain from using a broker-dealer other than the custodian to execute the client's transaction.

Consequently, in recommending the custodial services of the Primary Custodians to clients, WealthSource considers certain factors relating to the custodian's ability to provide best execution, including:

- The broker-dealer's ability to execute, clear and settle trades (buy and sell securities for your accounts) and their responsiveness to WealthSource during the order placement and clearance and settlement process.
- The efficiency with which the broker-dealer executes transactions (e.g., speed of execution, access to markets and/or counterparties, price improvement).
- The broker-dealer's commission rates and transaction fees and willingness to negotiate them.
- The broker-dealer's ability to handle time-sensitive orders.
- The broker-dealer's ability to follow and implement any trade instructions provided by WealthSource.
- The reputation of the broker-dealer.
- The value of any research provided by the broker-dealer.

In addition, WealthSource considers the size, quality and depth of each custodian's mutual fund supermarkets and whether the custodian charges a separate fee for custody. While WealthSource may recommend that clients use a Primary Custodian as their custodian and thus also as their primary broker-dealer, the client is solely responsible for deciding which custodian(s) to use. WealthSource does not open custodial accounts for clients but may assist clients in the account opening process.

For clients who utilize the custodial services of a Primary Custodian pursuant to WealthSource's recommendation, WealthSource negotiates non-equity and non-ETF commission rates and transaction fees with those broker-dealers. Clients, however, should be aware that those commission rates and transaction fees may be higher than those charged by other qualified broker-dealers to affect the same transaction. In negotiating rates and fees, WealthSource seeks pricing that is competitive in relation to the value of the brokerage and research services received

from the broker-dealer and, consequently, WealthSource may not necessarily obtain the lowest possible pricing. For clients that do not participate in the Program, brokerage commissions, transaction fees, trade-away and/or prime brokerage fees are exclusive of, and in addition to, WealthSource's investment advisory fee.

## **RESEARCH AND ADDITIONAL BENEFITS**

### **Support Services and/or Products**

WealthSource does not have any formal soft dollar arrangements. The Primary Custodians, however, make available to us, without cost and/or at a discount, support services and/or products, some of which assist WealthSource in better monitoring and servicing client accounts, but some of which benefit WealthSource without directly benefiting clients or their account(s). Included within the support services that may be obtained by WealthSource are investment-related research, both proprietary and that of third parties; pricing information and market data; software and other technology (e.g., Orion Advisor Services, LLC, Tamarac PortfolioCenter, MoneyGuidePro), at a discount or for free, that provide access to client account data and/or assist in creating client reports; compliance and/or practice management-related publications; discounted or free consulting services; discounted or free attendance to conferences, meetings, and other educational and/or social events, which may include full coverage of travel expenses to such events; marketing support; computer hardware and/or software and/or other products used by WealthSource in furtherance of its investment advisory business. Clients should be aware that WealthSource uses support services and/or products to service and/or otherwise benefit all or a substantial number of WealthSource's clients, including clients whose accounts are held in custody at a broker-dealer other than the one providing the product or service.

WealthSource's clients do not pay more as a result of WealthSource's receipt of these support services and/or products, which benefit WealthSource because we do not have to produce or purchase them. However, in receiving such benefits, WealthSource is generally expected to maintain or commit to maintaining a certain amount of its assets under management in accounts that are in the custody of the broker-dealer custodian providing the product(s) and/or service(s) or increase the amount of its assets under management in accounts that are in the custody of such broker-dealer custodian in order to ensure that the broker-dealer custodian achieves a certain level of profitability from WealthSource and/or its clients. Consequently, clients should be aware that the receipt of support services and/or products by WealthSource and/or our related persons creates a conflict of interest for WealthSource as it creates an incentive for WealthSource to recommend the custodial and brokerage services of the Primary Custodians over other broker-dealers. WealthSource may have an additional conflict of interest when recommending one Primary Custodian over another Primary Custodian, depending on the aggregate value and/or benefit to WealthSource of the support services and/or products received from one Primary Custodian in relation to the other Primary Custodians. The receipt of these benefits, however, are not a material consideration for WealthSource when determining whether to recommend that a client utilize the services of a particular custodian.

### **Transfer of Account Exit Fees Reimbursement**

In certain circumstances, Primary Custodians provide transition assistance to clients of WealthSource to reimburse them for Transfer of Account Exit Fees that were imposed by the client's prior custodian(s) when initiating a transfer of their custodial account(s). Although WealthSource does not directly benefit from such reimbursements, it creates an incentive for WealthSource to recommend the custodial and/or brokerage services of the Primary Custodians over other custodians and/or broker-dealers who do not offer such transition assistance to WealthSource's clients.

### **Advisor Summit Sponsorships**

Schwab was a sponsor of WealthSource's 2021 Advisor Summit, which creates a material conflict of interest for WealthSource because it reduced WealthSource's out-of-pocket costs to host its Advisor Summit and thus created an incentive for WealthSource to recommend the custodial and/or brokerage services of Schwab and/or its affiliate TDA over those of other custodians and/or broker-dealers. Please see "[Item 10 – Other Financial Industry Activities and Affiliations](#)" for additional information.

### **DIRECTED BROKERAGE**

WealthSource does not generally accept directed brokerage arrangements (i.e., when a client mandates that their account transactions be affected through a specific broker-dealer ("**Directed Broker**")), except through the WealthLink platform. If, however, WealthSource agrees to a client's directed brokerage arrangement, the client is responsible for negotiating all terms and conditions for their accounts, including commissions and transaction fees, with the Directed Broker. Clients should be aware that if WealthSource agrees to the client's directed brokerage arrangement, WealthSource will not seek best execution for the client and, consequently, the client may be unable to obtain the most favorable execution for their transactions. Furthermore, if WealthSource has previously negotiated commission rates and/or transaction fees with the Directed Broker, such negotiated rates and fees will not be applicable to client and client will not be able to benefit from WealthSource's ability to obtain volume discounts. Consequently, clients may pay materially higher commissions and/or transaction fees than WealthSource's other clients. Additionally, WealthSource will not aggregate the client's trade orders with those of WealthSource's other clients placed with the Directed Broker, if any, and, consequently, clients may not receive execution prices that are as favorable as those obtained for WealthSource's other clients.

### **AGGREGATION OF ORDERS**

Transactions for each client account are generally affected independently, unless WealthSource decides to purchase or sell the same securities for multiple clients at approximately the same time on the same day or when it appears that aggregating client orders for the same security

would result in lower transaction costs for the affected clients. The goal of aggregating client orders (i.e., placing block trades) is to seek an average purchase or sale price for all affected clients to help ensure that one client is not getting more favorable treatment over another client and/or to negotiate more favorable commission rates or transactions fees. There is no guarantee that aggregation will be successful or that the goals of aggregation will be achieved.

Before placing a block trade, WealthSource identifies the participating client accounts and the allocation to be made to each account or, if applicable, enters such information into WealthSource's trade order management system. When a block trade is placed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block trade were executed. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner that is approved in writing by WealthSource's Chief Compliance Officer.

Clients should be aware that WealthSource is not obligated to aggregate client orders even if one or more of the goals noted above might be achievable. If WealthSource elects not to place a block trade, clients will not receive average pricing and, if the client is not participating in the Program, will also pay commission rates and/or transaction fees with respect to their transaction in accordance with the standard commission rates and/or transaction fees negotiated between WealthSource and the broker-dealer. Furthermore, block trades are placed only when WealthSource reasonably believes that aggregating client orders will be consistent with its duty to seek best execution for its clients. No client participating in a block trade will be favored over any other client that also participates in the same block trade. Clients, however, should be aware that the average price received in a block trade could be more or less advantageous than the price a particular client would have received if they did not participate in the block trade.

### **Item 13 – Review of Accounts**

For those clients to whom WealthSource provides investment advisory services, account reviews are conducted by the client's IAR, generally quarterly, but no less frequently than annually. Account reviews are performed to assess the client's progress toward their investment objectives and to determine whether any changes with respect to the investment management of the client's account are warranted in light of the client's financial situation, risk tolerance and investment objectives. Clients, however, are advised that it is your responsibility to promptly notify WealthSource if there are ever any changes to your financial situation, goals, needs or investment objectives.

Account reviews may also be conducted by the client's IAR on an ad hoc basis upon the occurrence of a triggering event, such as a change in a client's financial situation (e.g., retirement, termination of employment, physical move, inheritance) or investment objectives; the occurrence of material market, economic or political events; or at the client's request.

Clients may be provided with written quarterly performance reports that contain holdings information, beginning and ending market values, asset allocation information by sector and asset class, and performance return information. Written quarterly performance reports are provided for client convenience only and should not be relied on for tax purposes. Clients should rely on their custodial account statements as the official record of their account(s).

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

### **Soft Dollar and Other Benefits**

As noted above, WealthSource receives certain economic benefits from the Primary Custodians, without cost or at a discount, which may or may not benefit clients. The receipt of these benefits creates a conflict of interest for WealthSource because we do not have to produce or pay for these products or services and our receipt of these products and services creates an incentive for us to recommend the custodial and/or brokerage services of the Primary Custodians over other broker-dealers. Please see the “[Item 10 – Other Financial Industry Activities and Affiliations](#)” and “[Item 12 – Brokerage Practices](#)” sections for additional information regarding these arrangements and their associated conflicts of interest and how WealthSource addresses them.

### **Solicitation Fees Paid by WealthSource**

WealthSource utilizes the solicitation services of Totus Tuus Consulting, Inc., a licensed insurance agency with the state of Florida (FL Ins. License No. R034166); Timberline Bank (FDIC #57857), a Colorado bank regulated by the Federal Deposit Insurance Corporation; Alan Hughes Campbell (CRD No. 39028), IAR; and Darrel Mattivi. Pursuant to their separate arrangements with WealthSource, they refer prospective investment advisory clients to WealthSource and, in return, receive either a percentage of the investment advisory fees received by WealthSource from those clients or a flat monthly fee. In light of these compensation arrangements, clients should be aware that these solicitors have a material conflict of interest when recommending the investment advisory services of WealthSource. Clients who are recommended the investment advisory services of WealthSource by these solicitors should receive a copy of their respective Solicitors Disclosure Document in addition to this Disclosure Brochure, which contains important information about their solicitation arrangement with WealthSource that should be read carefully.

## **Item 15 – Custody**

Although WealthSource does not maintain physical custody of the assets of its clients, clients generally grant WealthSource the authority to deduct its investment advisory fees directly from their custodial accounts and may also grant to WealthSource, pursuant to a standing letter of instruction to their custodian, the limited power to instruct their custodian to disburse funds to

one or more third parties as specifically designated by the client thereby giving WealthSource custody of clients' assets. All clients, however, should receive account statements directly from the custodian of their account(s), at least quarterly, and should carefully review the information contained within their custodial account statements. Please note, account custodians do not verify the accuracy of WealthSource's investment advisory fee calculations.

WealthSource may also provide clients with quarterly performance reports, which summarize account activity and performance. Clients are urged to compare the information contained in their custodial account statements with the information contained in the quarterly performance reports provided by WealthSource, if any, and to contact WealthSource promptly if you identify any discrepancies.

### **Item 16 - Investment Discretion**

Clients may engage WealthSource to provide investment advisory services on a discretionary basis. Prior to assuming discretionary authority over a client's account, WealthSource requires the client to execute an IMA, which grants WealthSource full discretionary authority to buy, sell, or otherwise effect investment transactions, in the client's name, involving assets held within certain accounts. Clients who engage WealthSource on a discretionary basis may, at any time, impose limitations, in writing, on WealthSource's discretionary authority (e.g., limit or exclude the purchase of certain securities in their account and/or limit or prohibit the use of margin, options, and/or short selling in their account).

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

WealthSource does not vote client proxies or accept authority to vote client securities. Instead, clients will receive proxies and/or other solicitations directly from their account custodian or a transfer agent and maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted. Clients may contact WealthSource to discuss questions they may have with respect to a particular proxy, however, WealthSource is under no responsibility to give any advice on how to vote such proxy.

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

WealthSource is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.