

# WEALTHSTONE ADVISORS

**Firm Brochure  
(Part 2A of Form ADV)**

**March 6, 2020**

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DBA WEALTHSTONE ADVISORS  
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This Firm Brochure provides information about the qualifications and business practices of WEALTHSTONE ADVISORS. If you have any questions about the content of this brochure, please contact us by telephone at 614-267-2600 or email at [info@wealthstoneadvisors.com](mailto:info@wealthstoneadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

WEALTHSTONE ADVISORS is registered with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

## **Item 2      Material Changes**

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There have been material changes to our brochure since the last filed annual update on January 30, 2019.

- Item 4: Norman Gary Cook, President and Chief Executive Officer, was named Chief Investment Officer, effective July 22, 2019.
- Item 10: We have added descriptions of our relationship with certain Opportunity Funds and/or Opportunity Zone Funds.
- Item 10: We have added a description of our relationship with Breen & Associates, an accounting firm owned by Paul. J. Breen, an investment adviser representative of the firm.

In the future, this section will discuss specific material changes that are made to the Brochure and provide a summary of any changes.

In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Pursuant to the Final Rule, we will send you a summary of any material changes to this and subsequent Brochures by April 30<sup>th</sup> of each year. We may provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our brochure may be requested by contacting us at 614-267-2600 or [info@wealthstoneadvisors.com](mailto:info@wealthstoneadvisors.com).

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## **Item 4      Advisory Business**

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WEALTHSTONE ADVISORS was started in 1977 as Professional Planning Consultants by founder James H. Wyland. Since then, our firm has focused on the client-advisor relationship and goal-oriented planning. For more than forty years, we have sought to help individuals build their personal wealth and worked to consult with entrepreneurs in the development of their wealth management and business planning strategies.

In January of 2019, the firm converted from a C-Corp to a limited liability company. The firm is predominately owned by WEALTHSTONE Holding, Inc., although firm principals and/or employees Norman G. Cook, Brian R. Stertz also own minority interests in the firm. Our principal place of business is Columbus, Ohio. We also have an office in Hilton Head, South Carolina.

Our firm offers the following types of advisory services to our clients:

- Financial Planning
- Estate Planning
- Tax Services
- Insurance Consulting Services
- Pension Plan Consulting
- Investment Management
- Business Consulting Services

Not all clients receive all the services described above. Services are provided based upon individually agreed upon engagements.

### **Financial Planning**

We offer Financial Planning Services. Financial planning may be either a limited or comprehensive evaluation of a client's current and future financial state by using currently known client information to predict future cash flows and asset values. Through the financial planning process, a client's questions, information and analysis are considered as they impact and are impacted by the financial and life situation of the client. Clients purchasing this service receive access to our web-based planning system which provides a financial platform to help the client achieve his or her financial goals and objectives.

A financial plan may address any or all the following areas: financial goals, personal net worth, cash flow, tax planning, insurance needs, estate analysis, retirement planning, portfolio review, educational planning, and charitable giving.

Not all financial planning clients receive all the services described above. Services are provided based upon individually agreed upon engagements.

### **Estate Planning**

Estate planning can include an initial estate analysis and subsequent assistance with implementation of the estate plan. In the initial analysis, the current estate documents (wills, trusts, other agreements) are analyzed and a projected estate tax liability is calculated. We make estate planning recommendations according to the client's goals and objectives.

A client may engage our firm to assist with the implementation of their estate plan and work with their professional advisors. If requested, our firm will facilitate the communication of a client's revised estate plan to any designated family members or charitable beneficiaries.

## **Tax Services**

We offer to prepare Federal and State income tax returns from information clients furnish to us. We are available to answer inquiries on specific tax and financial matters and to consult with or assist on financial, income, and business planning matters.

## **Insurance Consulting Services**

We offer analysis of a client's need for life, disability and long-term care insurance and recommend amounts and types of policies. In addition, we offer analysis and review of a client's existing life insurance policies, including how those policies compare to other life insurance policies available.

## **Pension Consulting Services**

We offer advisory services to qualified and non-qualified retirement and deferred compensation plans. Services can be tailored to client requirements. We will recognize and accept a fiduciary role under ERISA when applicable. Clients may choose to use any or all the following services:

1. Investment Policy Statement preparation or review: Determining an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan.
2. Selection or Review of Investment Vehicles: We assist plan sponsors in constructing appropriate asset allocation models (or review existing models) and recommend various mutual funds (both index and managed) to implement the client's investment strategy.
3. Monitoring of investment performance of plan assets.
4. Employee Communications: Periodic general investment educational support designed for the plan participants.

## **Investment Management**

We offer management of investment accounts on a discretionary or non-discretionary basis.

### **Model Portfolio Management**

For clients using our investment management services on a discretionary basis, we use asset allocated model portfolios. Each model portfolio is designed to meet a particular investment goal. Models are classified according to relative risk (conservative, balanced, aggressive, etc.). Custom allocation models may be established for individual clients.

Selection of a model is guided by the client's written investment policy statement as well as tax considerations. Through personal discussions with the client and risk assessment, the client's goals and objectives are established. We then determine which model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, we manage the portfolio based upon the model portfolio's goal, rather than according to each client's individual needs. Clients may be given the ability to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our model portfolios may include mutual fund securities, exchange traded funds (ETFs), and limited partnerships.

Client accounts may be managed directly by our firm, or through the use of other investment management firms, referred to as "subadvisors," which we will retain to manage all or a portion of

your assets on a subadvisory basis on a fully discretionary basis subject to limitations imposed by the client's investment objectives and other regulatory limitations.

As discussed below in the section titled Selection and Reporting on Other Investment Managers, we may also recommend the potential investment by clients in illiquid alternative investments including hedge strategies, private equity, and real assets, provided that the strategies are consistent with the client's investment objectives. Some of our employees and principals may also be investors in these entities. This presents a conflict of interest which we address by full and fair disclosure to our clients.

For clients using our investment advisory services on a non-discretionary basis, we meet with them to develop a written investment policy statement based on their goals and objectives as well as risk tolerance. We then make investment recommendations for them to implement with their custodian.

### **Selection and Reporting on Other Investment Managers**

We also offer our WEALTHSTONE Armada consulting services to clients through our selection and monitoring of other investment managers. The service is generally available only to clients with assets in excess of \$10 million.

The process includes developing a written investment policy statement for the client. Then we assist the client with interviewing other investment managers, including illiquid alternative investments (hedge funds, private equity, real assets, etc.). After the investment managers are selected, the assets are invested by our firm and by the other investment managers according to the investment policy statement. Assets would typically be held by 2 or 3 custodians. For reporting purposes, we will aggregate assets held by all investment managers and report on a periodic basis, not less than quarterly.

### **Other Investment-Related Comments**

Our firm has an inherent conflict of interest in recommending you rollover or transfer your accounts to an account managed by us since we have an incentive to generate compensation for the firm.

Services received by one client may vary from the services received by another client. Factors such as client risk tolerance, time horizon, investment objectives, account size and other client assets will affect the services received and fees charged.

Our firm publishes a quarterly newsletter providing general information on investment topics. In addition, we provide periodic newsletters via e-mail covering investment and market related topics. Newsletters are distributed free of charge to clients.

### **Business Consulting Services**

We may directly assist a client in the sale of their business, or we may engage other non-affiliated professionals or firms to consult on and assist in providing these services. Clients can also receive business consulting services including, but not limited to, current business operational issues, tax consulting, and business succession planning.

### **Other Client Services**

We also offer cash flow planning and entity management (generally helping with the administration of family partnerships). Our firm may offer other financial-related consulting services not specifically described in this brochure.

## **Amount of Managed Assets**

As of 12/31/2019, we actively managed \$880,552,162 of client assets on a discretionary basis and currently no assets on a non-discretionary basis. The amount of assets managed will fluctuate daily.

## **Item 5 Fees and Compensation**

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### **Fees for Investment Management Services**

For investment management service, our basic fee schedule is based on a percentage of assets, as follows:

- 1.00% on the first \$2 million of the market value
- 0.75% on the next \$3 million
- 0.50% on the next \$5 million
- 0.40% on the next \$15 million
- 0.30% on the next \$25 million
- 0.25% on the next \$50 million
- 0.20% on values over \$100 million

Generally, our fee is payable quarterly in advance based on the market values on the last day of the previous quarter. Such fees are generally deducted directly from the client's investment account. However, these fees may be billed via invoice to the client and paid by check if the client so chooses.

Clients with more than one account may have their accounts grouped together and then billed based on the total value of all of their accounts. New accounts or deposits to existing accounts in excess of \$100,000 are charged a pro-rated fee based on when the money was first invested during the quarter and when we start managing it. A partial quarterly fee is calculated based on the number of days remaining in the quarter divided by the number of days in the quarter. If a client terminates their advisory service during a quarter, it is our policy to refund the unused amount of that quarter's advisory fee.

Clients with assets under management on 12/15/2010 may be charged fees based on the fee schedules in effect on that date, which are different than our current fee schedule. Employees of the firm are not charged a fee for investment advisory service. A charitable organization (501(c)(3)), an ordained minister or an employee's immediate family member may be charged a reduced fee.

The fees you pay us do not include brokerage commissions or other fees or charges associated with securities transactions implemented with or through a brokerage firm, mark-ups or mark-downs in principal transactions, deferred sales charges, odd-lot differentials, stock exchange fees, wire transfer or related processing fees, transfer taxes or other charges mandated by law or regulation all of which will be charged to you in addition to our fee. We do not receive any portion of any of the foregoing expenses or fees. You should go to the section on Brokerage Practices in our brochure for more information on how we select or recommend brokerage firms for your securities transactions and information related to that process.

You should understand that mutual funds (including exchange-traded funds) impose separate investment management fees and other operating expenses, typically described in the fund's prospectus, for which you, the client, will be charged separately from the fee paid to us for our services.

We have the discretionary authority to retain (or remove) investment managers, also known as subadvisors. Unless provided otherwise, we will typically pay for the services of any subadvisor retained

to provide asset management or research services directly out of our fee that we collect from you. Generally, any such subadvisors will receive a fee, based upon a percentage of the market value of your assets, for which the subadvisor is providing services, ranging 40% to 60% of the fee we receive from you for our services.

We may also utilize the services of Parametric Portfolio Associates LLC (“Parametric”), and Breckinridge Capital Advisors, as a subadvisor for equity and fixed income strategies, respectively. Depending on a number of factors, including the amount of assets under management and the strategy selected, amongst others, fees range from 0.175% to 0.90% (17.5-90 bps), and fees will either be deducted from our overall management fee or charged directly to the client, depending on where the assets are custodied. If the fee is charged directly to the client, there is a potential conflict of interest as it will result in our firm retaining a larger portion of overall management fee. The client will be provided a copy of each subadvisor’s Form ADV Part 2A brochure and any required supplements before or at the time of entering into an advisory contract.

The total overall fee can vary by strategy and the management fee you will be charged will typically not include the costs of brokerage commissions, dealer spreads, and other costs associated with the purchase or sale of securities, custodian fees, interest, taxes, and other account expenses, which will also be your responsibility.

Clients should be aware that similar or comparable services may be available from other firms including other wealth management and/or investment management firms at a cost higher or lower than that available through us.

### **Fees for Other Financial Services**

We will generally charge an hourly fee for financial planning, tax planning, tax return preparation and other services rendered to the client. The types of services to be provided are set forth in a written Agreement for Services and vary by client. Our hourly fees range from \$52/hour for administrative staff time up to \$500/hour for professional staff time. The fee is invoiced and due upon completion of services; progress billing may be made in certain situations. The client may request in writing that such fees be deducted from the client’s investment management account, if held at Schwab. This type of arrangement usually lasts for one year or longer. However, the arrangement may be terminated by either our firm or the client with written notification.

We also provide family wealth advisory services to families whose net worth is usually in excess of \$10,000,000. Such services for each member of the family may include identifying specific financial goals, developing investment strategies, monitoring the financial plan and asset performance, recommending and implementing changes to plans or asset allocations. We charge a negotiated fee for this service. The negotiated fee is fixed for a year. This fee arrangement is not available to other clients.

We charge clients utilizing WEALTHSTONE Armada consulting services a quarterly fee, in addition to the fee for investment management services, for providing a comprehensive multi-advisor investment solution that includes: (1) Universal Investment Policy Statement, (2) Investment advisor Selection Process, and (3) consolidated reporting on all assets. The fee is based on total assets managed by all investment advisors, which potentially could include our firm.

Affiliates of our firm may receive compensation in the form of commissions or 12b-1 fees from products purchased by clients of WEALTHSTONE ADVISORS. See **Item 10** for additional discussion.



### **Limited Negotiability of Advisory Fees**

Although we have established a basic fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. The client facts, circumstances and needs considered in determining the fee schedule include assets under management, anticipated future assets, account composition, reporting and complexity of the project among other factors. The specific fee schedule is identified in the Investment Management Agreement and/or Agreement for Services between the firm and each client.

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

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Our firm does not charge performance-based fees.

## **Item 7 Types of Clients**

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We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Businesses
- Charitable Organizations
- Pension and profit-sharing plans (other than plan participants)
- Corporations, trusts, or other businesses not listed above

Generally, our minimum account size for investment management advisory services is \$500,000 or more in assets under management, although the WEALTHSTONE Armada consulting services minimum is reserved for clients with \$10 million. However, our firm may waive minimum account sizes at its discretion based on various considerations, such as the account's relationship to established clients and other factors.

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

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### **Methods of Analysis**

In making investment recommendations, our Chief Investment Officer (CIO) considers:

- Fundamental economic data
- Trend and technical market indicators
- Investment manager relative value

Our Investment Committee approves portfolio allocation recommendations developed by our CIO. In formulating our investment advice and /or managing client portfolios, our security analysis may include charting, fundamental analysis, technical analysis, cyclical analysis, quantitative analysis, qualitative analysis, mutual fund and/or ETF analysis, and third-party money manager analysis. We also rely on financial newspapers, professional journals and other published materials as well as information from our research partners, Dimensional Fund Advisors (DFA) and LPL FINANCIAL/Fortigent.

The type of analysis used for specific investment decisions will vary. The recommendation of a specific security (e.g. mutual fund) would employ different research and analysis than would the evaluation of a general asset class such as large-cap equities.

## **Investment Strategies**

Our primary approach for client portfolios is recommending investment strategies based upon information relating to using diversified investment styles, multiple assets classes, and multiple investment managers to construct model portfolios that have various risk/return characteristics.

We construct model portfolios for clients. At the client's discretion, some of the models used with clients may not consider a client's outside assets, and some portfolios may be customized to consider the client's outside assets.

Specific portfolios recommended to a client are selected to be consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

Portfolios are managed employing a strategic asset allocation with portfolios primarily utilizing factor based mutual funds. Tactical allocation may be utilized. Assets will be re-balanced among the basic asset classes as well as sub asset classes based on our interpretation of economic data.

## **Risk of Loss**

While we analyze past and future expected events, we recognize that future events cannot be predicted with certainty. Future risks that may affect the values of client portfolios include interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk, world events such as terrorism, governmental economic policy environment, and other systemic risks.

We believe that the best way to address these risks is by constructing diversified asset-allocated portfolios for our clients and remaining disciplined through full market cycles.

Our analysis methods rely on the assumption that the third-party and publicly available sources of information upon which we make investment decisions contain accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Call Risk** – Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a “call feature”. Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

**Credit Risk** – Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. This risk may also impact the “spread” or yield premium that these bonds require over low risk reference securities. Even if bonds do not default, investors fear of default may lead to fluctuations in this spread that act much like rises and falls in interest rates. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

**Foreign Securities Risk** – Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

**Interest Rate Risk** – Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

**Liquidity Risk** – Liquidity risk exists when a particular security or vehicle is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price or might not be able to sell the assets at all. Similarly, the investment vehicle used to access alternative investments may itself be illiquid.

**Objective/Style Risk** – All of the mutual funds and investment managers are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

**Risk of Loss** - Investing in securities involves risk of loss that clients should be prepared to bear. Securities and investments are not guaranteed, and clients may lose money on their investments. We ask that clients work with us to help us understand their tolerance for risk.

**Stock Market Risk** – Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

**Third Party Investment Management Risk** – We will not have a direct role in the management of clients' third-party managed accounts, and it will likely not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to clients could significantly depend upon the choice of investments and other investment and management decisions of third-party managers and returns could be adversely affected by unfavorable performance of such managers.

**U.S. Government Agency Securities Risk** – Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

**Alternative investments** – Alternative investments possess risks that may be greater than the risks of traditional investments. The underlying investments contained within liquid alternatives securities may involve market risk, conflict of interest risk, higher fees, liquidity risk, less regulation, default risk, counter

party risk, leverage risk, interest rate risk, manager risk, market timing risk, short-selling risk, diversification risk, and foreign exchange risk. Alternative investments may be more volatile than traditional investments such as stocks and bonds.

- **Hedge Funds** – Hedge Funds are alternative investments that seek to derive a return other than just buying and holding equity or fixed income positions) but rather use various strategies seeking to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Hedge funds may have low correlations with a traditional portfolio of stocks and bonds, and thus allocating an exposure to hedge funds may help diversify a portfolio. Hedge funds may be in the form of private placements (see private placements) or as a registered 1940 Act mutual fund. Risks of hedge funds may include high expense ratios, manager risk, liquidity risk, derivatives risk, counterparty risk, as well as the risks of any underlying investments utilized in the strategy (such as options, futures, equities, fixed income, foreign securities, short selling, private placement risk, and others).
- **Private Equity** – Private equity funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment. Private equity funds may include high expense ratios, can be highly illiquid, may be difficult to provide accurate pricing or valuation information to investors, and may be delayed in distributing important tax information to investors. Other risks of private equity funds include manager risk, non-diversification risk, economic risk and the risks of the underlying companies in which the private equity fund is invested.
- **Business Development Companies (“BDCs”)** – BDCs are entities that lend to young, thinly-traded, distressed, or firms with lower credit ratings that may not be able to access capital through other sources. The holdings within a business development company may involve credit/default risk, market risk, and liquidity risk. Business development companies may assess higher fees which can eat into potential returns. Business development companies may experience higher volatility than traditional investments. In addition, the publicly traded shares of business development companies may trade at a discount or premium to the underlying asset value of its holdings.

## **Item 9      Disciplinary Information**

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Neither our firm nor any employee has been involved in any legal or disciplinary event that would be material to a client’s evaluation of the company or its personnel.

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

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### **Relationship with Charles Schwab (Schwab)**

We generally recommend the use of Schwab as the custodian for client assets for which the firm provides discretionary asset management services. Schwab is an independent and unaffiliated broker-dealer. See **Item 12, Brokerage Practices**, for a more detailed description of the relationship with Schwab.

### **Relationship with Bank of New York (BNY)**

We recommend the use of BNY as the custodian for client assets for which the firm provides discretionary asset management services. BNY is an independent and unaffiliated broker-dealer.

### **Relationship with Morgan Stanley**

We may recommend the use of Morgan Stanley as the custodian for client assets for which our firm provides discretionary asset management services. Morgan Stanley is an independent and unaffiliated broker-dealer.

### **Relationship with DFA and LPL Financial/Fortigent**

We use DFA and LPL Financial/Fortigent, other investment advisors, to assist in the analysis of investments and development of investment strategies. DFA and LPL Financial/Fortigent collectively provide quarterly investment newsletters. Our firm pays a quarterly fee to LPL Financial/Fortigent for such information. In addition, the relationship with LPL Financial/Fortigent decreases fees that Charles Schwab would otherwise charge to our clients for transactions on the Schwab platform.

### **Relationship with WEALTHSTONE Holding, Inc.**

We are principally owned by WEALTHSTONE Holding, Inc. an Ohio corporation, James H. Wyland owns 100% of WEALTHSTONE Holding, Inc.

### **Relationship with WEALTHSTONE Insurance Consultants, Inc. DBA WEALTHSTONE Insurance Advisors**

WEALTHSTONE ADVISORS owns 100% of WEALTHSTONE Insurance Advisors (WIA), a corporation licensed to sell life, health and disability insurance, and annuities. We may recommend the purchase insurance or annuities from WIA or John J. Scott, a registered representative; however, they are under no obligation to do so. WIA or John J. Scott will earn a commission from the sale of such products. To the extent that WEALTHSTONE ADVISORS recommends insurance products as part of the implementation of a financial plan, there is a conflict of interest if WIA or John J. Scott executes that transaction.

### **Relationship with WEALTHSTONE Equities, Inc.**

WEALTHSTONE ADVISORS owns 100% of WEALTHSTONE Equities, Inc. (WE) an unregistered Broker Dealer. WE may offer fixed life insurance, and fixed annuities to clients of the firm. However, clients are under no obligation to use WE for such purchases. If clients purchase such products from WE, WE will earn a commission from the sale. It is the internal procedure of the firm to disclose such possible conflicts of interest to clients prior to the sale of any product. Clients are informed of such conflicts in our Agreement for Services. WE may earn 12b-1 fees from previously issued contracts.

### **Relationship with a CPA inc. DBA WEALTHSTONE Tax Advisors**

Our firm and its affiliates have established a relationship with WEALTHSTONE Tax Advisors (WTA) to utilize their tax advisory services. Clients of the investment adviser are under no obligation to use WEALTHSTONE Tax Advisors for their tax planning or tax compliance needs. There is a service fee agreement between WTA and the investment adviser.

### **Relationship with Breen & Associates**

Our firm and its affiliates have established a relationship with Breen & Associates to utilize their tax advisory services. Paul J. Breen, an IAR of the investment adviser is a majority owner of Breen & Associates. Clients of our firm are under no obligation to use Breen & Associates for their tax planning or tax compliance needs. There is a service fee agreement between Breen & Associates and the investment adviser.

### **Relationship with ValMark Financial Group**

Our firm, including its affiliate, WEALTHSTONE Insurance Advisors (WIA) has established a relationship with ValMark Financial Group. A national, independent broker-dealer licensed in 50 states for life insurance and securities with corporate offices in Akron, Ohio and St. Paul, Minnesota. The various entities that comprise ValMark Financial Group specialize in providing equity, investment advisory, risk management/insurance, and qualified retirement plan products and support services for the industry's top tier of wealth advisors. Investment adviser clients may purchase insurance or annuities from WIA or Brad R. Peterson, a registered representative; however, they are under no obligation to do so. WIA or Brad R. Peterson will earn a commission from the sale of such products. To the extent that our firm recommends insurance or annuity products as part of the implementation of a financial plan, there is a conflict if WIA or Brad R. Peterson executes that transaction.

### **Relationship with Everhart Financial Group, Inc.**

Our firm and its affiliates have established a relationship with Everhart Financial to utilize their Retirement Plan Advisory Services for our 401k plan clients. If Everhart provides any 401k advisory service as a result of such referral and earns compensation, we will receive compensation from Everhart. Similarly, if Everhart refers any of its clients to our firm, and such clients purchase service or products from WEALTHSTONE ADVISORS or any of its affiliates as a result of such referral, we will pay compensation to Everhart. The fees charged to or commissions paid by such clients will not be increased as a result of such referral relationship. The potential for compensation creates a possible conflict in making the referral to Everhart. Clients are under no obligation to use the company to which they were referred.

### **Relationship with Fifth Avenue Advisors and Magnus Capital Management**

We have a relationship with Fifth Avenue Advisors and its wholly owned subsidiary, Magnus Capital Management. Our firm receives a quarterly consolidated reporting fee from Fifth Avenue Advisors for its clients that utilize WEALTHSTONE Armada consulting services. The fee is based on total assets managed by all investment advisors, which potentially could include our firm.

### **Relationship with Sponsor of Real Estate Syndications**

Two individuals, James H. Wyland, a majority owner of WEALTHSTONE Holding, Inc., and Paul J. Breen, an investment adviser representative, own 100% of PPC Investment Management, Inc. (PPCIM), a company that serves as a special limited partner (with a financial interest) for real estate and oil and gas limited partnerships. Additionally, James H. Wyland, and Paul J. Breen, also own 83.33% of PPCIM II, LLC, a company that has served as an administrative member (with a financial interest) in real estate limited liability companies in which clients have invested.

In the past, we received a monthly fee from PPCIM and PPCIM II for management services provided; however, no such fee is currently being paid.

### **Relationships with Certain Opportunity Fund and/or Opportunity Zone Funds**

Our firm and its related persons received a marketing fee from NCT Fund Management LLC. Although the consulting agreement is not tied to advice provided by our firm or the sale of securities in these funds, a conflict of interest exists since there is indirect incentive to generate compensation for the firms involved in these transactions as to create future opportunities for increased marketing fees.

In addition, our firm and its related persons currently receive or may receive a consulting fee from KDev Opportunity Zone Fund I, LP and/or The Gravity Project 2, LLC. Although the consulting agreement is not tied to advice provided by the firm or the sale of securities in these funds, a conflict of interest exists since there is indirect incentive to generate compensation for the firms involved in these transactions as to create future opportunities for increased consulting fees.

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

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We have adopted a Code of Ethics (COE), which requires, among other things, that Employees:

- Place the interests of clients first;
- Keep client information confidential;
- Try to avoid any actual or potential conflict of interest; disclose all material facts when a conflict does arise;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use independent professional judgment when conducting investment analysis, making investment recommendations and taking investment actions, and engaging in other professional activities;
- Comply with applicable provisions of the federal and state securities laws.

To avoid potential conflicts of interest involving personal trades, the firm's COE also requires supervised persons to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the firm with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and at least annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of our COE is available to any client or prospective client upon request.

## **Item 12 Brokerage Practices**

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For Investment Management clients over which we exercise discretionary authority, we generally recommend the establishment of an investment account with Charles Schwab & Co., Inc. (Schwab), an independent and unaffiliated broker-dealer. Using Schwab to custody your assets meet the regulatory requirement that your assets are held at a "qualified custodian". Our objective in recommending Schwab is to obtain the best selection of no-load mutual funds, the most efficient reporting of client transactions, and/or the best combination of commission cost and execution capability. Our commission schedule with Schwab for its client accounts is lower than the commission schedule offered by Schwab to its retail clients. However, this fee schedule may be higher than those available from other brokers for similar services. To the extent that our firm or its employees maintain accounts at Schwab, they realize the benefits of this favorable commission structure and execution capabilities.

We subscribe to certain electronic information services offered by Schwab. The primary services to which the firm subscribes are the capability to: (1) direct Schwab via electronic means to purchase and sell securities in client accounts; (2) electronically produce copies of Schwab forms and applications; receive copies of client trade confirmations via electronic means; (3) receive via electronic means certain account status reports; (4) download daily account transactions for all client accounts via electronic means that is acceptable to our portfolio management software; (5) download the daily closing prices of all security positions held in client accounts via electronic means in a format that is acceptable to our portfolio management software. Schwab charges a quarterly fee for these services. However, for our clients these fees are waived by Schwab.

The waiver of fees for electronic information services is available to all investment advisors that meet the criteria. Neither the commission schedule negotiated between us and Schwab on behalf of clients of the

firm, nor the level of commissions generated in client accounts at Schwab are a factor in Schwab's election to waive its fees. However, a conflict of interest exists since a condition of the fee waiver is that aggregate accounts at Schwab for which we provide Investment Advisory Services must have a certain combined minimum value.

Schwab provides our firm with information and consulting services intended to help us manage and further develop its business enterprise. These services may include educational conferences and events, information technology consulting, regulatory compliance publications and mock regulatory inspections and internal control reviews by an independent third party. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to our firm. The availability to the investment adviser of the foregoing products and services is not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading).

For accounts maintained at Schwab, Schwab will not charge the client separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab.

Clients who use a broker-dealer other than Schwab (a non-discretionary account) should understand that (a) we will generally not attempt to negotiate commissions with a designated broker-dealer; (b) clients may pay higher commissions; and (c) clients may not have the same selection of mutual funds or have as efficient execution as they might have had they not made such designations.

Any trade errors identified will be corrected to ensure each client is made whole as if the error did not occur. If a loss occurs greater than \$100, we will cover the loss, while Schwab will cover the loss if it is less than \$100. Transactions executed to correct an error resulting in a gain will remain in the affected client account unless the same error involved other client accounts that should receive the gain or it is not permissible for a client to retain the gain. If a client cannot retain the gain, Schwab will donate any amount over \$100 to charity and keep any portion less than that amount to minimize and offset administrative expenses related to correcting the error.

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating Clients. All Clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions if any.

Our firm may use other qualified custodians as needed.

## **Item 13      Review of Accounts**

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### **Investment Management Accounts**

**Reviews:** Our Investment Operations Department coordinates the review of all investment accounts at least annually (and with any large deposit or withdrawal) to determine if they should be rebalanced and if they are in compliance with the client's current investment policy statement.

The review of a client's investment account, their investment objectives, the continued appropriateness of the investment strategy selected by the client and the client's tolerance for risk are reviewed with the client on a schedule which is jointly agreed upon between the client and the advisor who is responsible for the relationship with the client.



Reviews of the investment positions contained in a client's account are conducted as is necessary. The performance of all securities which are owned in a client's account in conjunction with a given investment strategy is reviewed on a timetable that is consistent with the objectives of the strategy. If a change of investment position is dictated in a client's account and we have discretionary authority to direct trades, then a member of our firm gives instructions to Schwab to execute the appropriate trades. These instructions are given without prior consultation with the client. If a change of investment position is dictated in a client's account and we do not have the discretionary authority to direct trades in that account, then the client is responsible to provide investment instructions to their custodian broker, investment company or insurance company.

In addition to confirmations of purchases and sales and monthly account statements that clients receive from the custodian of their accounts, we furnish all investment advisory clients with a performance report of their portfolio assets at the end of each calendar quarter. Additional reports relative to account performances and transactions are provided on a client by client basis as needed or requested.

### **Financial Planning and Other Services**

**Reviews:** Reviews may occur at different stages depending on the nature and terms of the specific engagement. Formal reviews may be conducted for financial planning clients depending upon the specific arrangement with the client. In general, such reviews would be conducted at least annually.

**Reports:** Financial planning clients will generally not receive a written report. Clients have access to our internet based financial planning platform through which they can view their reports online. The investment values in these reports are generally updated daily. The client will receive a written report if we were engaged for a specific purpose or if the client specifically requests a written report.

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

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Our firm has from time to time entered into written agreements with other unrelated third parties ("solicitors") to use their best efforts to solicit and refer clients which they believe are suitable and appropriate for the advisory services provided by WEALTHSTONE ADVISORS. These agreements provide for a percentage of fees collected from the "solicited" clients to be paid to the solicitors. Such arrangements are disclosed in writing to the prospective client when the client engages our firm for advisory services.

Clients introduced by such solicitors are charged the same fee that it would charge a new client that comes directly to the firm without the benefit of a solicitor. Such solicitor agreements are for an unspecified duration and are terminable upon written notice.

Our firm also has a client referral arrangement with Everhart Financial Group, Inc., which is discussed under **Item 10**.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above in **Item 12**. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15 Custody**

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Our firm does not take physical custody of client funds or securities. Client securities are held by mutual fund groups, variable annuity contracts, Schwab, banks, or other qualified custodians.

We can access many clients' accounts through its ability to debit advisory fees in client accounts which are held in custody by Schwab, an unaffiliated broker-dealer. For this reason, our firm is deemed to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by our firm.

For some clients, the firm maintains signed standing letters of authorization, which allow us to transfer assets to a third-party account outside of Schwab. Additionally, we have access to some client user id's and passwords for certain websites. Such information is used by an independent asset aggregation system (eMoney) to report asset values on a daily basis. In addition, some affiliated persons are trustees for client irrevocable trusts. As a result, our firm is deemed to have custody of those particular client accounts, and pursuant to the custody rules, we undergo a surprise exam annually by GBQ Partners, an independent accounting firm.

## **Item 16 Investment Discretion**

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Our firm is typically granted discretion by limited power of attorney to select the amount of and nature of securities which are purchased and sold to implement investment strategies selected by client, for whom we provide continuous asset management. In some instances, margin balances may be initiated by the client either through securities purchases or by wire, journal, moneylink or check for an amount which is greater than the cash available in the account.

A client may request restrictions be applied to the management of their account. Due to the additional care required by client accounts for which restrictions have been applied, we will typically execute transactions for these accounts after transactions have been submitted for accounts without such restrictions.

## **Item 17 Voting Client Securities**

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We will not exercise proxy or class action voting authority over client securities. The obligation to vote client proxies and class actions will remain with the client. Client may contact us for advice or information about a particular proxy or class action vote. However, we will not actually vote on such proxy or class action.

If our firm inadvertently receives proxy or class action information for a security held in a client's account, then we will forward such information on to Client, but will not take any further action with respect to the voting of such proxy or class action. Upon termination of its Agreement with client, we shall make a good faith attempt to forward proxy or class action information inadvertently received by the firm on behalf of client to the forwarding address provided by client.

## **Item 18      Financial Information**

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WEALTHSTONE ADVISORS has never filed for bankruptcy and has no financial information to report that would prevent us from providing services to its clients. Furthermore, our firm does not require prepayment of fees more than six months or more in advance for any services provided.

**Part 2B Form ADV  
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Information about Advisory Personnel**

<b>Name</b>	<b>Education</b>	<b>Professional Designation/ Licenses</b>	<b>Business Background/ Other Business Activities</b>
Paul J. Breen	♦University of Notre Dame, South Bend, Indiana - B.A.	CPA/PFS Series 7, IB	♦WealthStone, IAR, 1983 - Present ♦WealthStone Tax Advisors, 2019 - Present ♦Breen & Associates, 2020 - Present
Norm G. Cook	♦Grand Valley State University, Allendale, MI - B.B.A.	Series 63, 65, 66	♦WealthStone, Officer, 2018 - Present ♦WealthStone, Chief Investment Officer, 2018-Present
Cheryl L. Lutman	♦The Ohio State University, Columbus, OH - B.A.	CFP®	♦WealthStone, Financial Planner, 1998 - Present
Angela J. Neumann	♦Central Michigan University - B.S., B.A.	CFP®, CAP® Series 63, 65	♦WealthStone, Director of Wealth Planning, 2019 - Present
Christopher D. Rule	♦Miami University, Oxford, OH - B.S., B.A.	CFP®	♦WealthStone, Financial Planner 2018 - Present
Andrea L. Sidwell	♦The Ohio State University, Columbus, OH - B.S.	Series 65	♦WealthStone, Family Wealth Advisor, 2018 - Present
Brian R. Stertzer	♦Capital University, Columbus, OH - B.S. in Accounting	CFP®, CPA (inactive)	♦WealthStone, Officer, 2006 - present ♦Dawson Resources, Inc., Human Resources/President 2004 - 2006 ♦Self Employed, Financial Consulting/Owner 1997 - 2004
James H. Wyland	♦The Ohio State University, Columbus, OH - B.A.	CLU, ChFc Series 7, 63, IB	♦WealthStone, Officer, 1977 - Present
Jack P. Zhang	♦Dartmouth College Hanover, NH - B.A.	CFA®	♦WealthStone, Director of Research and Risk Management, 2018 -Present

Additional explanation of education, professional designations, and licenses are contained in the rest of this document.

**DISCIPLINARY INFORMATION**

No employee of WealthStone has been involved in any disciplinary event that would be material to a client's evaluation of such employee.

**Part 2B Form ADV  
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Information about Advisory Personnel**

Education Degrees	Definition	Explanation
B.A.	Bachelor of Arts	An undergraduate academic degree awarded for completed courses in either the liberal arts, the sciences, or both.
B.B.A.	Bachelor of Business Administration	An undergraduate academic degree in commerce and business administration.
B.S.	Bachelor of Science	An undergraduate academic degree awarded for completed courses.
B.S.M.	Bachelor of Science in Management	An undergraduate academic degree awarded for completed courses.

**Professional Designations**

ABV	Accredited in Business Valuation	<p>Accredited in Business Valuation (ABV) is a professional designation awarded to CPAs who specialize in calculating the value of businesses. The ABV certification is overseen by the American Institute of Certified Public Accountants (AICPA) and requires candidates to complete an application process, pass an exam, meet minimum Business Experience and Education requirements.</p> <p>Maintaining the ABV credential also requires those who hold the certification to meet minimum standards for work experience and lifelong learning.</p>
CFP®	Certified Financial Planner	<p>The Certified Financial Planner™ (CFP®) designation is awarded by the Certified Financial Planner Board of Standards, Inc. CFP® Professionals must pass the comprehensive CFP® Certification Examination in the areas of financial planning, taxes, insurance, estate and retirement. An individual must have two years apprenticeship or three years of investment/financial career experience before becoming a CFP® professional. Once the candidates have passed the exam, they must pass a background check and pay application and certification fees before receiving their certifications.</p> <p>CFP® professionals must also complete continuing education programs each year to maintain their certification status. 30 hours of continuing education is required during every two year reporting period. CFP® professionals agree to be bound by the CFP Board's <i>Standards of Professional Conduct</i>, which sets forth the ethical and practice standards for CFP® professionals.</p>
CPA	Certified Public Accountant	<p>A designation given by the American Institute of Certified Public Accountants to those who pass an exam and meet work experience requirements. In order to become a CPA almost all states require that an individual meet educational (generally a college major in accounting or the equivalent), experience and ethical requirements and pass the Uniform CPA Examination.</p> <p>Continuing professional education (CPE) is required for CPAs to maintain their license. CPAs are required to complete 120 hours of continuing education every three years.</p>
CAP®	Chartered Advisor in Philanthropy	The Chartered Advisor in Philanthropy® designation provides you with the knowledge and tools you need to help clients articulate and advance their highest aspirations for self, family, and society.
ChFC®	Chartered Financial Consultant	<p>The Chartered Financial Consultant® (ChFC®) credential is awarded by the American College, located in Bryn Mawr, PA. Individuals must successfully complete nine advanced courses in the areas of financial planning, taxes, insurance, estate and retirement.</p> <p>In order to retain the ChFC® designation, the financial planner must complete 30 hours of continuing education every two years.</p>

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Information about Advisory Personnel**

Professional designations continued

CLU	Chartered Life Underwriter	A professional designation for individuals who wish to specialize in life insurance and estate planning, the Chartered Life Underwriter (CLU) designation is awarded by The American College, located in Bryn Mawr, PA. Individuals must complete five core courses and three elective courses, and successfully pass all eight two-hour, 100-question examinations in order to receive the designation.
CPA/PFS	Certified Public Accountant/Personal Financial Specialist	A Certified Public Accountant who also offers financial planning services. Personal Financial Specialists must complete an exam, have at least three years of financial planning experience, and submit recommendations before certification. The title is authorized by the American Institute of Certified Public Accountants.

**Licenses**

Series 7 General Securities	Required of an individual to become a Registered Representative of a broker-dealer in the United States.	A general securities registered representative exam and license administered by the Financial Industry Regulatory Authority (FINRA) that entitles the holder to sell all types of securities products with the exception of commodities and futures.
Series 63	A securities license entitling the holder to solicit orders for any type of security in a particular state.	The Series 63 exam mainly covers state laws and regulations. This license is required in addition to the Series 7 or Series 6.
Series 65	A securities license required by most states for individuals to act as an investment advisor.	The Series 65 exam covers state laws, regulations, ethics, and knowledge on specific investment products.
Series 66	An exam administered by the North American Securities Administrators Association (NASAA).	Successful completion of the Series 66 exam is equivalent to the successful completion of both the Series 63 and Series 65 exams. It is required by certain states in America, (in addition to successful completion of the Series 7) in order for an investment professional to qualify for registration as an Investment Advisor Representative and as a securities agent representing a broker dealer.
IB, Series 79 Limited Representative	A securities license required for a Registered Representative to engage in investment banking activities.	The examination qualifies an individual to advise on or facilitate debt or equity offerings through a private placement or public offering or to advise or facilitate mergers or acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions.  This license was obtained by the registered representatives listed on page 1 prior to FINRA requiring that the examination be completed.

**Monitoring of Investment Advice Given**

Asset management advice is developed by the Chief Investment Officer ("CIO") and presented to the Managing Director of Asset Management and to the Investment Committee no less frequently than quarterly. After approval by the Investment Committee, such advice is implemented by changes to client portfolios. Such changes are monitored by the CIO, the Director of Investment Operations and the client's designated advisor.

Financial planning and other advice is developed by the client's advisor and the professional team assigned to the client as outlined in the engagement letter. Such advice is periodically reviewed by WealthStone via meetings between advisors. There is no set schedule or methodology for such monitoring.