Form ADV, Part 2A Brochure

November 3, 2023

This brochure provides information about the qualifications and business practices of Western Financial Corporation. If you have any questions about the contents of this brochure, please contact us at (619) 544-0260. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Western Financial Corporation is also available on the SEC's website at www.adviserinfo.sec.gov. Western Financial Corporation's CRD number is 6118.

Please note that the use of the term "registered investment adviser" and description of Western Financial Corporation and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which provide you more information on the qualifications of our firm and its employees.

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Item 2: Material Changes to Part 2A of Form ADV: Firm Brochure

The purpose of this page is to inform you of any material changes to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Western Financial Corporation ("WFC") reviews and updates our brochure at least annually to confirm that it remains current. WFC made the following material changes with the annual update to our brochure, dated November 3, 2023:

Item 12 – Brokerage Practices and Item 14 – Client Referrals and Other Compensation:

- We changed the custodial broker recommended for custody of client accounts and execution of transactions.

Item 3: Table of Contents

Item 4: Advisory Business

A. <u>Description of Advisory Firm Including How Long We Have Been In Business and Our Principal Owner(s)</u>

Western Financial Corporation ("WFC," "The Firm," or "We") is an SEC-registered investment adviser ("RIA") and adheres to a fiduciary duty to all clients of the firm, including retirement plan clients where we act as a fiduciary adviser under the Employee Retirement Income Security Act of 1974 ("ERISA"). We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. The Firm is a privately-owned corporation headquartered in San Diego, California. Originally formed in the State of California in 1971, under the name JB Financial, Inc., the name was changed to Western Financial Corporation in 1974. WFC maintained registration as a FINRA registered broker-dealer from 1971 to 2020. We expanded to include an RIA in 2017. The Firm's principal owner is the Richard S. Levenson Trust.

<u>Fiduciary Duty</u>

Registered investment advisers are considered fiduciaries under federal law. Our fiduciary duty carries with it an obligation to act in the best interest of our clients pursuant to a relationship of trust and confidence. It encompasses a *duty of care* and a *duty of loyalty*.

<u>*Duty of Care*</u>

The duty of care includes, among other things:

1. the duty to provide advice that is in the best interest of the client;
2. the duty to seek best execution of a client's transactions where the adviser has the responsibility to select broker-dealers to execute client trades; and
3. the duty to provide advice and monitoring over the course of the relationship.

The duty to provide advice suitable to each client based on a reasonable understanding of the client's objectives is a critical component of the duty of care. Providing suitable advice includes making a reasonable inquiry into the client's financial situation, investment experience, and financial goals and then updating this information as necessary throughout the course of the relationship to reflect the client's changing objectives over time and adjusting the advice we provide to reflect any changed circumstances.

When WFC has the responsibility to select broker-dealers to execute client trades in discretionary accounts, we seek to trade such that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. In doing so, we consider the full range and quality of a broker's services and so the determinative factor is not necessarily the lowest possible commission cost but whether the transaction represents the best qualitative execution. Moreover, we periodically and systematically evaluate the execution we receive on behalf of our clients.

Our duty of care includes an obligation to provide advice and monitoring at a frequency that is in the best interest of the client, taking into account the scope of the agreed relationship. This scope is indicated by the duration and nature of the services as outlined in each client's advisory arrangement and extends to all personalized advice provided to clients.

Duty of Loyalty

WFC adheres to a duty of loyalty where we seek to serve the best interests of our clients and never subordinate the interests of our clients to our own. Simply put, WFC cannot place its own interests ahead of the interests of our clients. In observance of this duty, we must make full and fair disclosure to clients of all material facts relating to the advisory relationship. Further, we also seek to eliminate or at least expose through full and fair disclosure all conflicts of interest which might incline WFC, consciously or unconsciously, to render advice that is not disinterested. We believe that in order for disclosure to be full and fair, it should be sufficiently specific so that each client is able to understand the material fact or conflict of interest and make an informed decision whether to provide consent. Consequently, we provide this ADV 2A brochure to all prospective clients at or before entering into a contract so that they can use the information within to decide whether or not to enter into an advisory relationship.

B. Description of the Types of Advisory Services We Offer

Customized Portfolio Management Services

WFC offers Customized Portfolio Management (CPM) services to individual investors, trusts, estates, charitable organizations, retirement plans, retirement plan fiduciaries, participants of retirement plans, small businesses and high-net-worth individuals based on the individual goals, objectives, time horizon, liquidity needs and risk tolerance of each particular client. The Firm assesses each client's current situation (income, tax levels, existing resources, financial goals, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio of securities that matches each client's specific situation. These services include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Individual Security Selection
- Regular portfolio monitoring

WFC actively manages client portfolios on an ongoing basis and rebalances them when, in WFC's judgment, rebalancing is warranted in light of market conditions and/or changes in clients' circumstances. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments. The Firm's practice includes account management offered on both a discretionary and non-discretionary basis.

Clients who engage WFC to provide investment advisory services will be required to complete an Investment Management Agreement (IMA) and Client Profile. The IMA details the terms and conditions of the engagement and the scope of the services WFC will provide. The Client Profile provides WFC with valuable personal information regarding the client's financial situation and risk tolerance. This information is used in the design, implementation, and management of a client's investment portfolio.

WFC utilizes the following investment types in its clients' accounts:

1. Equity Securities, including U.S. stocks and foreign stocks listed on U.S. exchanges (ADRs)
2. Fixed Income Securities, including corporate, U.S. government and municipal bonds, commercial paper, and certificates of deposit (CD's)
3. Exchange Traded Funds (ETFs)

4. Money market funds and cash

Depending on the client's individual investment objectives and needs WFC's investment selections may further include:

1. Securities with equity and debt characteristics, including convertible bonds, preferred stocks, or other preferred securities
2. Real estate investment trusts (REITs)
3. Mutual funds
4. Exchange traded notes (ETNs)
5. Closed-end funds
6. Unit Investment Trusts (UITs)
7. Mortgage backed securities (MBS) and Collateralized Mortgage Obligations (CMO's)
8. High-yield debt
9. Treasury inflation protected securities (TIPs)
10. Master limited partnerships (MLP)
11. Call or put options listed on U.S. exchanges

Western Retirement Plan Program (WRPP)

WFC provides various consultation and investment services to retirement plans, fiduciaries of retirement plans, and participants of retirement plans through its Western Retirement Plan Program (WRPP) including, but not limited to, the following:

Consultation Services

1. WFC assists clients with plan design considerations.

2. WFC assists clients in understanding their fiduciary responsibilities.

3. WFC provides initial consultation services as to the selection of plan service vendors.

4. WFC prepares Request for Proposals (RFPs) for plan recordkeepers, third party administrators or other plan service providers and assists with the review and evaluation of the responses.

In performing the consultation services listed above, WFC does not provide investment advice and is not acting as a fiduciary of a plan.

Plan Level Non-Discretionary Investment Advisory Services

1. WFC assists clients in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the plan. Clients, however, have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.

2. WFC provides non-discretionary investment advice to clients about asset classes and investment alternatives available for the plan in accordance with the plan's investment policies and objectives. Clients have the final decision-making authority regarding the initial selection, retention, removal, and addition of investment options.

3. WFC assists clients with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.

4. WFC assists in monitoring investment options by preparing periodic investment reports that are based on conformance to the guidelines set forth in the IPS and makes recommendations to maintain or remove and/or replace investment options.

5. WFC meets with clients on a periodic basis to discuss the reports and the investment recommendations.

6. WFC provides non-discretionary investment advice to clients with respect to the selection of a qualified default investment alternative ("QDIA") for participants who fail to make an investment election. Clients, however, remain responsible for determining whether the plan should have a QDIA. Clients also retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

The non-discretionary investment services listed above are provided under Section 3(21) of ERISA.

Plan Level Discretionary Investment Management Services

1. WFC develops an investment policy statement (IPS) for its clients which establishes the investment policies and objectives for a plan.

2. WFC selects a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.

3. WFC provides ongoing and continuous discretionary investment management with respect to the asset classes and investment alternatives available under the plan in accordance with the IPS. Under this authority, WFC may select, retain, remove and/or replace the investment alternatives available under the plan in its discretion.

4. Clients are responsible for determining whether the plan should have a qualified default investment alternative ("QDIA") for participants who fail to make an investment election. When clients determine that the plan should have a QDIA, WFC will select the investment to serve as the QDIA. Clients retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

5. WFC provides clients with periodic reporting of investment performance and results.

The discretionary investment services listed above are provided under Section 3(38) of ERISA.

<u>Rollover Recommendations</u>

WFC provides services to retirement plans and participant clients. With regard to plan distributions and rollovers, if WFC were to make recommendations ("rollover recommendations") to participants, it would be a conflict of interest because it results in WFC receiving compensation that it would not have received absent the recommendation, for example, fees for advising the rollover IRA. As a result, WFC does not make rollover recommendations. Instead, WFC provides information about the alternatives available to participants, and answers their questions in a neutral, educational manner. In that way, a participant can make an informed decision about whether to take a distribution and, if so, whether to roll it over to an IRA with WFC or another IRA provider. No client is under an obligation to roll over ERISA plan or IRA assets to an account advised by WFC.

Financial Planning Services

WFC provides financial planning services as part of our overall advisory services or at a client's request. When utilized, these services generally include advising clients on retirement and cashflow planning, risk management, estate planning and tax planning. However, services do not include preparation of any income tax, gift, or estate tax returns, or preparation of any legal documents. WFC does not receive separate compensation for the above-mentioned ancillary financial planning services.

C. Tailored Services and Client Imposed Restrictions

Clients may request restrictions on the account, such as prohibiting specific security purchases or keeping a minimum level of cash in the account; however, we typically do not allow clients to impose restrictions on investing in broader types of securities/sectors due to changes in underlying positions held in some ETFs that we recommend and/or the level of difficulty this would entail in managing their account. WFC reserves the right to not accept and/or terminate management of a client's account if we feel that any client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

D. Participation in Wrap Fee Programs

We do not participate in or offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis

WFC offers management of client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of September 30, 2023, the total amount of assets under our management was:

Discretionary Assets	$ 200,254,301
Non-Discretionary Assets	$ 0
Total Assets	**$ 200,254,301**

Item 5: Fees & Compensation

Our fees are listed below so you will know how much you are charged for our advisory services.

A. Description of How We Are Compensated For Our Advisory Services Provided to You.

Portfolio Management

Customized Portfolio Management Services

WFC charges advisory fees for its Customized Portfolio Management (CPM) services based on a percentage of the market value of the portfolio according to the following tiered fee schedule:

Assets Under Management	Annual Percentage of Assets Charged
$0 to $250,000	2.00%
$250,001 to $500,000	1.50%
$500,001 to $1,000,000	1.25%

$1,000,001 to $5,000,000	1.00%
$5,000,001 to $10,000,000	0.80%
$10,000,000 - Above	0.30%

As an example, if the total value of all combined portfolios managed under the individual client's Investment Management Agreement (IMA) is $1,500,000 the management fee will be 1.33% calculated as follows:

($250,000 @ 2.00%, $249,999 @ 1.50%, $499,999 @ 1.25%, $500,002 @ 1.00%)

Fees are negotiable at our sole discretion and some accounts are under different fee schedules honoring prior agreements and/or for CPM clients, aggregated by household to determine the maximum portfolio annual fee. We also manage some family and related accounts at no charge.

<u>*Western Retirement Plan Program (WRPP)*</u>

WRPP fees are charged to the company/plan sponsor or the participant. WFC charges for its consultation services on "as an agreed upon basis" based upon the scope of the services to be provided and advisory fees for both *Plan Level Discretionary Investment Management Services* and *Plan Level Non-Discretionary Investment Advisory Services* based on a percentage of the market value of the plan assets under WFC's management according to the following tiered-fee schedule:

Plan Assets Under Management	Annual Percentage of Assets Charged
First 0-$1,000,000	0.65%
Next $1,000,001 to $2,000,000	0.60%
Next $2,000,001 to $5,000,000	0.50%
Next $5,000,001 to $10,000,000	0.40%
Next $10,000,001 to $25,000,000	0.30%
Above $25,000,000	Negotiable

Fees for services provided by WFC to WRPP plan clients are specified in either a WFC Consulting Agreement or WFC Advisory Agreement and may be further specified in a Third-Party Service Provider Agreement between the client's chosen trust company (custodian) and the plan sponsor whereby WFC acts as the third party service provider. Other third party service providers, such as accountants, attorneys or other consultants may also enter into Third Party Service Provider Agreements with the plan for fees which WFC does not participate in.

For its Plan Level Discretionary Investment Management and Plan Level Non-Discretionary Investment Advisory services, WFC's fees are paid from plan assets and are prorated across all plan investments unless specified otherwise. Plans managed under our WRPP services are subject to a $2,000 minimum annual fee per plan.

<u>Billing Method</u>

Fees are calculated and paid as follows:

<u>*Customized Portfolio Management (CPM) Services:*</u>

We charge one fourth of the annual fee each quarter in advance based upon the market value of the client's portfolio as of the last day of the prior calendar quarter.

The formula used for the calculation is as follows: (Annual Rate) x (Total Assets Under Management at Prior Quarter End) / 4. For new client accounts, the first payment is a pro-rata calculation based upon when the client's funds are deposited into their custodial account(s). The calculation will take into consideration the number of days remaining in the quarter and the initial value of the portfolio/receipt of funds. The formula used to calculate the initial advisory fee would be as follows: (Result of Quarterly Calculation) x (Days Remaining in Quarter) / (Total Number of Days in Quarter).

For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays. For new accounts, the number of days remaining in the quarter is the number of calendar days following the effective date of our Investment Management Agreement (IMA) and the date the new account has funded. Additions and withdrawals greater than $5,000 or that otherwise result in a fee adjustment in excess of $100 will be prorated to the date funds were received or withdrawn.

Western Retirement Plan Program (WRPP) Services:

For WRPP services, we charge one fourth of the annual fee each quarter in arrears based upon the market value of the plan as of the last day of the quarter. Consultation services are billed to the plan sponsor when the services have been completed.

B. Description of Whether We Deduct Fees from Clients' Assets or Bill Clients for Fees Incurred

Advisory fees are customarily withdrawn directly from the client's custodian account; however, clients may choose to pay by check upon request. With client authorization, WFC will automatically withdraw WFC's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based upon WFC's instructions.

All clients will receive statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. When WFC sends an invoice to the client's custodian for payment of advisory fees, it also sends a statement to the client. The statement itemizes the fee and includes the formula by which the fee was calculated, the value of the assets under management on which the fee is based and the time-period covered by the fee.

For those clients who choose not to have advisory fees withdrawn directly from their custodian account the invoice is payable upon receipt.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses

WFC's fees do not include custodian fees. Clients pay all brokerage commissions, ticket charges, stock transfer fees, corporate reorganization fees and/or other similar charges incurred in connection with transactions in client accounts as well as any other account related fees including, but not limited to, check writing, debit cards, wire fees, margin debit interest and express delivery services.

In addition, any mutual fund shares held in a client's account are subject to fund related expenses, which can include but are not limited to deferred sales charges and 12b-1 fees, when applicable. The fund's prospectus fully describes the fees and expenses. All fees paid to WFC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. WFC will only recommend the purchase of “no-load” mutual funds for its clients’ accounts under its Investment Management Agreement (IMA).

D. Description of Fees Billed in Advance; Fee Refunds

WFC’s Customized Portfolio Management Services fees are payable quarterly in advance at the beginning of each calendar quarter.

Termination – Customized Portfolio Management Services (CPM)

Either party may terminate the Investment Management Agreement (IMA) upon thirty (30) days written notice to the other party. The client may terminate the IMA by writing to WFC at our office address. WFC will refund any pre-paid, unearned advisory fees based upon the effective date of the termination. Upon termination of the agreement, WFC will send the client a pro-rated refund or credit their account for unearned advisory fees using the following formula: (Fees Paid) x (Days Remaining in Quarter) / (Total Number of Days in Quarter).

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the Investment Management Agreement (IMA), WFC will not liquidate any securities in the account unless specifically instructed to do so in writing. In the event of a client’s death or disability, WFC will continue to manage the account until we are notified of the client’s death or disability and given alternative instructions by an authorized party.

ERISA plan services under CPM service agreements shall be terminated in accordance with the terms of and pursuant to the Retirement Plan Services Agreement between the Sponsoring Employer (Plan Sponsor) and the client’s chosen trust company or other plan trustee.

Termination - Western Retirement Plan Program (WRPP)

If the agreement for WRPP services is terminated prior to the end of a calendar quarter, the client will pay WFC a fee, prorated for the number of days in the billing quarter prior to the effective date of termination, based on the market value of plan assets under WFC’s management on the effective date of termination.

E. Other Fees

The Client is responsible for all other expenses related to the trading of the Account assets, including but not limited to custodial fees (if applicable), interest on margin, lending institution service fees, interest on loans and debit balances, “spreads” imposed by brokers and dealers representing implicit transaction costs, transfer taxes and any other transaction charges (See Item 5, Section C - Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses, above).

Where Client directs Adviser to place transactions through another broker/dealer, Client agrees to pay brokerage commissions on Account transactions at a rate agreed upon between Broker and Client. Client is responsible for all expenses related to the trading of Account assets, including but not limited to custodial fees (if applicable), brokerage commissions, interest on margin borrowing, bank service fees, interest on loans and debit balances, “spreads” imposed by brokers and dealers representing implicit transaction costs, transfer taxes and other transaction charges

(See Item 5, Section C - Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses, above).

In addition, plan clients under our CPM and WRPP service programs pay recordkeeping, third-party administrator, and other fees customarily charged to ERISA accounts, including trust company fees, which are stated in each plan client's agreements and disclosures provided to plan clients by the service providers.

Item 6: Performance-Based Fees & Side-By-Side Management

We do not charge performance fees to our clients.

Item 7: Types of Clients & Account Requirements

WFC provides investment management services to the following:

- Individual investors
- Revocable and Irrevocable Trusts, Estates and Charitable Organizations
- Retirement plans and retirement plan fiduciaries
- Participants of retirement accounts including Individual Retirement Accounts (IRAs), 401(k)s, 403(b)s, and profit sharing plans
- High net worth individuals
- Corporations, limited liability companies, and other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- WFC generally requires clients to maintain a minimum portfolio size of $250,000, which WFC may reduce or waive at our discretion. Plans managed under our WRPP services are not subject to a minimum account size.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

A. <u>Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets</u>

WFC believes in establishing and adhering to a solid long-term investment plan, and that proper asset allocation and diversification across multiple asset classes can potentially optimize the risk and return of a client's portfolio. Diversification is based on the premise that different types of investments, or asset classes, generally react differently to various market events. Depending on a client's investment objectives, we generally utilize multiple asset classes, investment styles, holding periods, market capitalizations, sectors, and regions to provide diversification. WFC's investment process relies upon fundamental research and technical analysis to actively select securities for client accounts. Each security is evaluated on a set of criteria that are designed to identify investments that are outperforming their peer group or are priced at what we consider a discount to their fundamental intrinsic value. Within each investment category, WFC selects individual securities with characteristics that we believe are consistent with the client's objectives, risk tolerance, and tax considerations.

Client portfolios with similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence WFC's investment decisions. We generally aggregate purchases and sales in the same positions among client and our related persons' accounts; however, it is possible that clients who buy or sell securities on the same day could receive different prices. For more information on how we trade accounts, see ***Item 12 – Brokerage Practices***, below.

Methods of Analysis:

We initially apply fundamental analysis to evaluate a security and we may also employ technical factors, including relative strength ranking, in our strategies and analysis.

Fundamental Analysis is an attempt to measure the intrinsic value of a security and typically involves analysis of financial statements, the general financial health of companies, and /or the analysis of management or competitive advantages of individual companies and their industry peers.

Technical Analysis involves the analysis of historic market data, including but not limited to price and volume. Our technical analysis focuses on the general direction of the equity markets and/or individual securities as well as how the security may rank on a relative basis, to its peer group or universe, or to the overall market.

WFC carefully monitors and evaluates securities on a continual basis.

Investment Strategies We Use:

As part of our Customized Portfolio Management (CPM) service WFC first reviews each individual client's financial goals, investment time horizon, risk tolerances, income requirements and tax situation to determine the appropriate allocation of equities, fixed income, cash, or other securities for the portfolio.

Equity Strategies

WFC offers various equity strategies for managing client accounts primarily using both individual securities and exchange traded funds (ETFs) as follows:

Mid-Large Cap Growth:

This actively-managed, diversified strategy seeks long-term capital appreciation by investing in mid-to-large capitalization companies which are typically exhibiting strong earnings and revenue growth, new products, services or management teams or fundamental change causing an acceleration of earnings and revenues, strong balance sheets and are currently exhibiting positive relative price performance. The portfolio benchmark is the CRSP U.S. Large Cap Growth Index.

Mid-Large Cap Growth and Income:

This actively-managed, diversified strategy seeks to provide total return (current income plus long-term capital appreciation) by investing in mid-to-large capitalization companies which we have determined to be undervalued relative to their intrinsic value and/or have what we perceive to be attractive above-average dividend yields and are currently exhibiting positive relative price performance. The portfolio benchmark is the FTSE High Dividend Yield Index.

Mid-Large Cap Growth and Income II:

This actively-managed, diversified strategy seeks to provide capital appreciation plus current income by investing in mid-to-large capitalization companies which have a long-term record of consistently increasing their dividends and are currently exhibiting positive relative price performance. The portfolio benchmark is the Standard and Poor's U.S. Dividend Growers Index

Mid-Large Cap Blend:

This actively managed, diversified, core equity strategy seeks to provide both long-term capital appreciation and income from dividends by selecting quality mid-large capitalization companies exhibiting "growth" or "value" characteristics, or both, as well as currently exhibiting positive relative price performance. The portfolio benchmark is the CRSP U.S. Large Cap Index.

Large Cap Twenty:

This actively managed, more focused equity strategy seeks to provide long-term capital appreciation potential by selecting high-quality large capitalization companies which are members of either the Standard and Poor's 100, the NASDAQ 100, or both, and are currently exhibiting positive relative price performance. Due to the possible overlap of companies being both members of the Standard and Poor's 100 and the NASDAQ 100, the portfolio may have fewer than twenty positions and be more concentrated in those companies. The portfolio benchmark is the Standard and Poor's 500 Index.

Blue Chip Equities:

This actively managed, diversified, equity strategy seeks to provide both long-term capital appreciation and income from dividends by selecting high quality large capitalization companies which are members of the Standard and Poor's 100 Index, and which are also currently exhibiting positive relative price performance. The portfolio benchmark is the Standard and Poor's 500 Index.

U.S. Low Volatility:

This actively managed, diversified, equity strategy seeks to provide both long-term capital appreciation and income from dividends by selecting mid-large capitalization companies whose price returns have proven to be less volatile historically and are also currently exhibiting positive relative price performance. The portfolio benchmark is the MSCI U.S. Minimum Volatility Index.

Special Ops:

This actively-managed strategy seeks long-term capital appreciation by investing in companies of all market capitalizations which are currently ranked in top performing industry groups, are exhibiting, or are expected to exhibit in the future, strong growth fundamentals and are currently exhibiting positive relative price performance. The strategy is less diversified and can invest in smaller companies leading to greater portfolio volatility. The strategy employs a more frequent trading approach which leads to greater portfolio turnover and the potential for higher capital gains taxes in taxable accounts. The portfolio benchmark is the Standard and Poor's 500 Index.

Sector Rotation:

This diversified strategy seeks to provide broad exposure to specific sectors of the U.S. economy by investing in exchange traded funds (ETFs) that are currently exhibiting positive relative price performance. The portfolio benchmark is the Standard and Poor's 500 Index.

Small-Cap Equities:

This diversified strategy seeks to provide exposure to small-cap U.S. equities through the use of exchange traded funds (ETFs) currently exhibiting positive relative price performance. The primary focus of the strategy is long-term capital appreciation and portfolio diversification. Current income is secondary. The portfolio benchmark is the Russell 2000 index.

Each equity strategy can be blended with other equity strategies for a more customized portfolio solution.

Fixed-Income Strategies:

WFC offers taxable and tax-free fixed-income strategies using both individual securities and exchange-traded and open-end mutual funds as follows:

Taxable Fixed Income:

This diversified strategy typically consists of a conservative blend of taxable, high quality corporate and U.S. Government bonds and taxable municipal bonds and is designed to provide reliable current income with a relatively low level of risk. Fixed income investments are typically considered to be less risky than equity investments as they historically have had a lower standard deviation but have also typically provided lower returns. Enhanced income strategies are generally applied by including preferred shares, convertible bonds, non-investment grade (junk) bonds and fixed income exchange traded funds (ETFs).

Tax-Free Fixed Income:

This diversified strategy primarily seeks to provide reliable current income that is generally exempt from U.S. federal income tax, and in some cases, state, and/or local income tax. Investments include a blend of high quality, liquid municipal fixed income securities which may or may not be insured. Sometimes, enhanced income strategies are applied by including non-investment grade or non-rated bonds and tax-free fixed income exchange traded funds (ETFs). This strategy is designed for tax sensitive investors.

The taxable and tax-free fixed income strategies may be blended for investors who seek to maximize current after-tax income and typically are in lower marginal tax brackets.

Target Allocation Portfolios

WFC also offers its clients portfolios using exchange traded funds (ETFs) exclusively. The Target Allocation Portfolios are designed to allocate client accounts to specific target asset classes and percentages while providing broad diversification and control over risk and reward potential.

B. Description of the Potential Risk of Loss

General Risk of Loss Statement

Prior to entering into an agreement with WFC, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That there is no assurance that a positive return will be obtained;
3. That securities markets experience varying degrees of volatility, and WFC does not guarantee the performance of the account, or promise that investment decisions, strategies and overall management of the account will be successful;
4. That over time the client's assets will generally fluctuate and at any time be worth more or less than the amount invested; and
5. That clients should only commit assets that they feel are currently unneeded and available to WFC for investment on a long-term basis. This is typically a minimum of five to seven years.

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate can decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global, political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income.

Investments in securities issued by entities based outside the United States are often subject to increased levels of risk. This includes domestically issued mutual funds and exchange traded funds (ETFs) that hold foreign investments as the underlying securities of the funds. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices could also affect investments in securities of foreign issuers. Additional factors can include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States can also be subject to many of these risks.

C. Specific Security Risks

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

When there is little trading in the secondary market for particular equity securities, it can adversely affect the ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, can decrease the value and/or liquidity of equity securities.

Small Capitalization Equity Securities

Investing in smaller companies often poses additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks are often more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

American Depository Receipts (ADRs)/Ordinary Shares

An ADR is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Banks and brokerage firms issue/sponsor ADRs. ADRs are subject to additional risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings.

Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

Fixed Income Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Certain additional risk factors relating to debt securities include:

Reinvestment Risk

When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk

Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Interest Rate and Market Risk

Debt securities can be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Call Risk

Debt securities sometimes contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors.

Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Credit Risk

If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account can incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk

Sometimes, there is little trading in the secondary market for particular debt securities, which can adversely affect the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, often decreases the value and/or liquidity of debt securities.

It may be possible to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Bond rating agencies typically assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category.

Exchange-Traded Funds (ETFs)

An ETF is a type of security containing a basket of stocks, fixed income instruments, and/or commodities. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like mutual funds, the prices of the underlying securities and the overall market generally affect ETF prices. Similarly, factors affecting a particular industry segment generally affect ETF prices that track that particular sector.

WFC sometimes recommends for client portfolios ETFs comprised of domestic and/or foreign stocks/bonds, commodities, and occasionally alternative investments. WFC employs ETFs to gain exposure to countries, styles, sectors, and industries not routinely covered by our research and in some cases for broad market exposure.

Municipal Bonds

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which can include:

Legislative Risk

Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Tax-Bracket Changes

Municipal bonds generate tax-free income, and therefore pay lower interest rates than taxable bonds. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.

Liquidity Risk

The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Municipal bonds can be less liquid than other bonds.

Credit Risk

Credit risk includes the risk that a borrower will be unable to make interest or principal payments when they are due and therefore default. To reduce investor concern, insurance policies that guarantee repayment in the event of default back many municipal bonds.

General Obligation vs. Revenue Bonds

Typically, investors consider General Obligation bonds to be safer than Revenue bonds since the full faith and credit of the issuer backs the interest and principal payments. With revenue bonds, the interest and principal are dependent upon the revenues paid by users of the facility or service. Frequently the issuers of revenue bonds are either private sector corporations (e.g., hospitals) or entities that exist, often in local monopoly form, to provide a public service (e.g., power utilities or public transportation authorities). Consequently, the thought is that the consumer spending that provides the funding or income stream for revenue bond issuers can be more vulnerable to changes in consumer tastes or a general economic downturn compared to a state or city's ability to raise taxes to pay for its General Obligation commitments.

Municipal Bonds of a Particular State

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Securities issued by California municipalities are more susceptible to factors adversely affecting issuers of California securities. For example, in the past, California voters have passed amendments to the state's constitution and other measures that limit the taxing and spending authority of California governmental entities, and future voter initiatives can adversely affect California municipal bonds.

<u>Cash and Cash Equivalents</u>

The account generally holds a portion of its assets in cash or invests in cash equivalents. Cash equivalents include:

1. commercial paper (for example, short-term notes with maturities typically up to 12 months in length issued by corporations, governmental bodies or bank/corporation sponsored conduits (asset-backed commercial paper));
2. short-term bank obligations (for example, certificates of deposit, bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity) or bank notes;
3. savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations);

4. securities of the U.S. government, its agencies or instrumentalities that mature, or may be redeemed, in one year or less; and
5. corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments, meaning there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Securities with Equity and Debt Characteristics

Some securities have a combination of equity and debt characteristics. These securities at times behave more like equity than debt or vice versa. Some types of convertible bonds, preferred stocks or other preferred securities automatically convert into common stocks or other securities at a stated conversion ratio, and some are subject to redemption at the option of the issuer at a predetermined price. These securities, prior to conversion, may pay a fixed rate of interest or a dividend. Because convertible securities have both debt and equity characteristics, their values vary in response to many factors, including the values of the securities into which they are convertible, general market and economic conditions, and convertible market valuations, as well as changes in interest rates, credit spreads and the credit quality of the issuer.

These securities can also include hybrid securities, which also have equity and debt characteristics. Such securities are normally at the bottom of an issuer's debt capital structure. As such, they can be more sensitive to economic changes than more senior debt securities. Investors may also view these securities as more equity-like by the market when the issuer or its parent company experience financial problems.

The prices and yields of nonconvertible preferred securities or preferred stocks generally move with changes in interest rates and the issuer's credit quality, similar to the factors affecting debt securities. Nonconvertible preferred securities may be treated as debt for account investment limit purposes.

Real Estate Investment Trusts

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment, all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exempt status afforded under relevant laws.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Risk factors vary from fund to fund. WFC sometimes recommends for client portfolios mutual funds comprised of domestic and/or foreign stocks/bonds, commodities, and occasionally alternative investments.

The benefits of investing through mutual funds include:

Professionally Managed

Mutual funds are professionally managed by investment advisers who research, select, and monitor the performance of the securities the fund purchases.

Diversification

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

Affordability

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

Liquidity

Generally, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption. Less frequently, some mutual funds have the option to redeem shares using the underlying stocks in the fund's portfolio or delay redemption for a defined period.

Mutual funds also have features that some investors might view as disadvantages:

Costs Despite Negative Returns

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs, which are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors often also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells, the timing of those trades, or the potential tax ramifications of those trades.

Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Exchange-Traded Notes (ETNs)

An ETN is a senior, unsecured, unsubordinated debt security by an underwriting bank whose primary objective is to achieve the same return as a particular market index. Similar to other debt securities, the credit of the issuer is the only backing for ETNs, which have a maturity date. Although performance is contractually tied to whatever index the ETN is intended to track, ETNs do not have any assets, other than a claim against their issuer for payment according to the terms of the contract. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETNs trade throughout the day on an exchange. ETNs, as debt instruments, are subject to risk of default by the issuing bank as counter party. This is the major design difference between ETFs and ETNs: ETFs are only subject to market risk whereas ETNs are subject to both market risk and the risk of default by the issuing bank.

Closed-end Funds

Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed-end funds vary from fund to fund.

Unit Investment Trusts (UITs)

Unit Investment Trusts make a one-time public offering of only a specific, fixed number of redeemable securities called "units." These units terminate and dissolve on a date specified at the creation of the UIT. Each unit of the UIT represents a pro rata share of a diversified portfolio of securities. Diversification can help minimize the credit risks of individual securities within the portfolio. Some fixed income UITs concentrate in bonds of a particular type of issuer and are therefore less diversified and subject to greater risk than a more diversified portfolio.

Obligations Backed by the "Full Faith and Credit" of the U.S. Government

U.S. government obligations include the following types of securities:

U.S. Treasury Securities

U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes, and bonds. For these securities, the U.S. government unconditionally guarantees the payment of principal and interest, resulting in the highest possible credit quality. Fluctuations in interest rates subject U.S. Treasury securities to variations in market value. However, they are paid in full when held to maturity.

Federal Agency Securities

Certain U.S. government agencies and government-sponsored entities guarantee the timely payment of principal and interest with the backing of the full faith and credit of the U.S. government. Such agencies and entities include The Federal Financing Bank (FFB), the Government National Mortgage Association (Ginnie Mae), the Veterans Administration (VA), and the Federal Housing Administration (FHA).

Other Federal Agency Obligations

Additional federal agency securities neither are direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities. However, they generally involve some form of federal sponsorship: some operate under a government charter; specific types of collateral back some; the issuer's right to borrow from the Treasury supports some; and only the credit of the issuing government agency or entity supports others.

Mortgage-Backed Securities

U.S. government agencies and government-sponsored entities, such as Ginnie Mae, Fannie Mae, and Freddie Mac, and private entities issue mortgage-backed securities. The payment of interest and principal on mortgage-backed obligations issued by U.S. government agencies may be guaranteed by the full faith and credit of the U.S. government (in the case of Ginnie Mae) or may be guaranteed by the issuer (in the case of Fannie Mae and Freddie Mac). However, these guarantees do not apply to the market prices and yields of these securities, which vary with changes in interest rates.

Private entities that issue mortgage-backed securities structure them similarly to those issued by U.S. government agencies. However, government agencies do not guarantee the mortgage-backed securities or the underlying mortgages issued by private entities. The structure of these securities generally includes one or more types of credit enhancements such as insurance or letters of credit issued by private companies. Mortgage-backed securities generally permit borrowers to prepay their underlying mortgages. Prepayments can alter the effective maturity of these instruments.

High-Yield Debt

Lower rated debt securities generally have higher rates of interest and involve greater risk of default or price changes due to changes in the issuer's creditworthiness than higher rated debt securities. The market prices of these securities often fluctuate more than higher quality securities and can decline significantly in periods of general economic difficulty. There can be little trading in the secondary market for particular debt securities, which would make them more difficult to value or sell. The prices of, and the income generated by, most debt securities held by client accounts are be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities.

Treasury Inflation Protected Securities (TIPS)

Treasury Inflation Protected Securities (TIPS) are inflation-indexed securities structured to remove inflation risk. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, the investor receives the adjusted principal or original principal, whichever is greater. TIPS pay interest twice a year, at a fixed rate. The rate is applied to the adjusted principal; so, like the principal, interest payments rise with inflation and fall with deflation.

Master Limited Partnerships (MLPs)

MLPs are publicly traded partnerships that trade in the same manner as stocks mainly on the New York Stock Exchange and/or on the NASDAQ. With a few exceptions, MLPs hold and operate assets related to the transportation and storage of energy (certain MLPs have commodity risk). Most publicly traded companies are corporations. Corporate earnings are usually taxed twice. The business entity is taxed on any money it earns and then shareholders are taxed on the earnings the company distributes to them.

In the 1980s, Congress allowed public trading of certain types of companies organized as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are "pass through" entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any company designated as an MLP has to produce 90% of its earnings from "qualified resources" (natural resources and real estate). Most MLPs are involved in energy infrastructure, i.e., things like pipelines. MLPs are required to pay minimum quarterly distributions to limited partners. A contract establishes the payments, so distributions are predictable. Otherwise, the shareholders could find the company in breach of contract.

MLPs bear three primary risks:

Risk of Regulation or Change

One of the main advantages of MLPs is their tax advantage. If Congress were to change the rules regarding the taxation of MLPs it would pose a considerable risk for an investor.

Interest Rate Risk

It is commonly thought that these types of investments do better when interest rates are low, making their yield higher in relation to the safest investments, such as Treasury bills and securities that are guaranteed by the U.S. government. Consequently, MLPs typically perform better during periods of declining or relative low interest rates and more poorly during periods of rising or high interest rates.

Tax Risk

MLPs are pass-through entities, passing earnings through to the limited partners. Investors must be aware that there are potentially significant tax implications of investing in MLPs, and they should consult with their tax advisor before investing in these securities.

Options

An option is the right but not the obligation to either buy or sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option that gives a right to buy is a call option. An option that gives a right to sell is a put option. Calls and puts are distinct types of options and the buying or selling of one type does not involve the other.

Options generally involve certain costs and risk such as liquidity, interest rate, market, credit, and the risk that a position could not be closed when most favorable. Selling covered call options places a limit on upside gains, while selling put options results in the purchase of a security at a price higher than the current market price. Clients should read the option disclosure document, "Characteristics and Risks of Standardized Options," which can be obtained from any exchange on which options are traded, by calling 1-888-OPTIONS, or by contacting WFC.

Covered Calls

Accounts utilizing covered calls will attempt to hedge risk and increase return by the sale of covered calls against the positions in the account. An investor should consider that the risk level in these accounts is somewhat reduced by the sale of the calls, but the upside potential of the account is also limited by the sale of the calls. These accounts will bear the risks of the utilized investment strategy, as described above, but the risk will be somewhat modified by the sale of the covered calls.

Long Put Strategy

WFC could purchase puts to protect against the decline of underlying equity prices in accounts authorized for that strategy. If the underlying security's price decreases, its corresponding put option value increases, and is therefore beneficial for the purchaser. WFC can then sell the option when we believe the price will not decrease any further, or we can wait until the expiration date to sell the option.

Uncovered Options

When writing (selling) naked calls, the risk is unlimited, since there is theoretically no limit to the rise in price that could be achieved by the underlying stock. The risk in the naked put is slightly different from that of the naked call in that the investor could lose the most if the stock went to zero. That is still a significant risk when compared to the potential reward. Since WFC only participates in uncovered ("naked") options trading on behalf of clients in extremely rare circumstances, we will provide those clients with additional risk disclosures, when applicable.

Investing Outside the U.S.

Investing outside the United States involves additional risks of foreign investing. These risks often include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors can include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Investments in developing countries can further heighten the risks described above. A developing country may be in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

LIBOR discontinuation

In March 2021, regulators announced the future cessation of various London Interbank Offered Rates (LIBOR) rates. Certain rates ceased publication in December 2021 and others will in June 2023; however, U.S. banking regulators have stated that new financial contracts may not utilize LIBOR after Dec. 31, 2021. Some of the preferred stocks WFC holds and continues to invest in some clients' accounts are structured to utilize rates publicized by LIBOR. We do not see LIBOR's discontinuation as adding a significant amount of risk or as material to clients holding such investments; however, we will continue to monitor the LIBOR discontinuation and its potential impact going forward as alternative rates are substituted in the investments we hold and transact in on behalf of our clients.

Financial Planning Risk

The financial planning tools WFC uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, or internal model returns provided by the planning tool, and not returns of actual investments WFC would utilize for their clients, and may not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide WFC and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes generally result in different results for the client.

Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program. If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

<u>Other Risks</u>

Cybersecurity

Information and technology systems can be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltrations by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, or become inoperable for extended periods of time, or cease to function properly, we may have to make a significant investment to fix or replace them. The failure of these systems can cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy or sensitive data, including personal information relating to clients. Such a failure could potentially harm our reputation, subject us to legal claims, and otherwise have an adverse impact on our ability to perform advisory functions.

Pandemics and Other Public Health Crises

Pandemics and other health crises, such as the outbreak of an infectious disease such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19 or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the areas in which client investments may be located. Such disruption, or the fear of such disruption, could have a significant and adverse impact on the securities markets, lead to increased short-term market volatility or a significant market downturn, and can have adverse long-term effects on world economies and markets generally.

Item 9: Disciplinary Information

A. <u>We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.</u>

There is no disciplinary information to report.

Item 10: Other Financial Industry Activities & Affiliations

We are required to disclose any other financial industry activities and affiliations. The details are as follows:

A. Affiliated Broker-Dealer

Western Financial Corporation ("WFC") was formerly registered as a broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). We withdrew our broker-dealer registration in July 2020.

B. Futures Commission Merchant

Neither WFC, nor any of its management persons, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of the foregoing entities.

C. Relationships or Arrangements that are Material to Our Advisory Business

WFC does not have any outside relationships or arrangements that are material to our advisory business.

D. Selection of Outside Investment Advisers

WFC does not select other advisers for its clients.

Item 11: Code of Ethics, Participation or Interest In Client Transactions and Personal Trading

WFC believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. WFC's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

WFC's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. WFC's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable federal securities laws. WFC prohibits all personnel from acting upon any material, non-public information, as defined under federal securities laws and the Insider Trading Policy of our Code of Ethics. Additionally, individuals who make investment decisions in client accounts, or who have access to nonpublic information regarding any clients' purchase or sale of securities are subject to the firm's personal trading policies (see Section – Personal Trading Practices below). WFC periodically reviews and amends the Code of Ethics to ensure that it remains current and requires access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

Personal Trading Practices

WFC and its personnel generally purchase or sell securities for themselves that we also purchase or sell for clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients. WFC and our personnel can purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions prior to and in preference to accounts of WFC and our personnel (an exception to this policy exists when we trade personal accounts alongside those of clients in the same aggregated/block transaction. For additional information, see ***Aggregation with Client Orders*** under ***Item 12***, below.

2. WFC prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.

3. WFC requires our personnel to obtain pre-approval for personal trades in certain securities, including IPOs and limited offerings, from the Chief Compliance Officer.

4. WFC does not require its personnel to obtain pre-approval for the following transactions:
    a. Trades that fall under our *de minimis* policy for transactions conducted in securities with large market capitalizations and/or high daily trade volume where we feel that transactions in personal accounts cannot adversely affect our clients.
    b. Trades in securities that are not held in any WFC client account and that we are not considering for purchase or sale in client accounts;
        - If we subsequently purchase the security for a client, pre-clearance will be required if our personnel wish to sell the position or purchase additional shares unless the transaction falls under our *de minimis* policy, or until our client(s) no longer hold(s) the position;
    c. That are traded with client trades as described under ***Aggregation with Client Orders*** in ***Item 12***, below;
    d. In any employee account managed by WFC where the employee does not have influence over or control of transactions conducted in the account;
    e. For purchases of securities effected through an automatic investment plan.

Item 12: Brokerage Practices

WFC requires clients to open one or more custodian accounts in their own name at a custodian of the client's choice. For clients in need of brokerage or custodial services, WFC recommends the use of Charles Schwab & Co., Inc. ("Schwab"), registered broker-dealer, member SIPC. WFC does not act as a broker/dealer and the client is required to maintain a separate broker/dealer agreement with their custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in the client's brokerage account and buy and sell securities when we instruct them to.

A client is not obligated to effect trades through any recommended broker or custody their assets with any broker-dealer we recommend. All clients are free to select any broker-dealer of his or her choice. However, WFC requires that clients grant us limited power of attorney to execute client transactions through that broker-dealer/custodian. While we request that clients use Schwab as custodian/broker, the client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. We do not open accounts for clients, although we can assist them in doing so. Even though clients maintain accounts at Schwab, we can still use other brokers to execute trades for client accounts (see ***Client Brokerage and Custody Costs***, below).

A. <u>Factors that We Consider in Selecting or Recommending Broker-Dealers</u>

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)

2. Capability to execute, clear, and settle trades (buy and sell securities for your account)

3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

5. Availability of investment research and tools that assist us in making investment decisions

6. Quality of services

7. Competitiveness of the price of those services (commission rates and other fees) and willingness to negotiate the prices

8. Reputation, financial strength, and stability

9. Availability of other products and services that benefit us, as discussed below (see ***Products and Services Available to Us From Schwab***)

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services. However, Schwab receives compensation by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. We have determined that having Schwab execute the trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see ***How We Select Brokers/Custodians***).

Products and Services Available to Us from Schwab

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide WFC and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we generally do not request them) and they are at no charge to us as long as our clients collectively maintain a total of at least $10 million of their assets in accounts at Schwab. If our clients collectively have less than $10 million in assets at Schwab, Schwab may charge us quarterly service fees of $1,200.

Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)

2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts

3. Provide pricing and other market data

4. Facilitate payment of our fees from our clients' accounts

5. Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

1. Educational conferences and events (which may include Schwab paying for related travel expenses, entertainment and meals associated with attending)

2. Consulting on technology, compliance, legal, and business needs

3. Publications and conferences on practice management and business succession

4. Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment for our personnel.

<u>Our Interest in Schwab's Services</u>

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as our clients collectively keep a total of at least $10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. The $10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.

WFC's selection of Schwab is primarily supported by the scope, quality, and price of Schwab's services (see ***How We Select Brokers/Custodians***, above) and not Schwab's services that benefit only us.

<u>Directed Brokerage</u>

Since we request that most of our clients to maintain their accounts with Schwab, it is also important for clients to consider and compare the differences between having assets held at another broker-dealer, bank, or other custodian prior to opening an account with us. Some of these differences include, but are not limited to; total account costs, trading freedom, transaction fees/commission rates, the speed of generating portfolio statements due to daily downloads, and security and technology services. By requesting that clients use the broker-dealer/custodians we recommend, WFC believes we may be able to more effectively reduce costs to the portfolio.

While we request that our clients maintain their accounts with Schwab, we will consider working with another custodian that the client chooses. Typically, when a client chooses to maintain their account with a different custodian, the client will still grant us discretion to select the broker-dealer for the client transactions. Clients that direct WFC to use a particular broker-dealer for some or all trading should consider the following:

1. WFC may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf or seek better execution services or prices from other broker-dealers when a client selects a broker-dealer other than one WFC lists as a recommended broker-dealer. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and that WFC will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution;

2. WFC may be unable to generate portfolio statements with the same speed in the absence of daily electronic price and transaction feeds to our portfolio management system; and

3. WFC will not be able to aggregate orders to reduce transaction costs and clients who direct WFC to use a particular broker-dealer and therefore may receive less favorable prices. See also, ***Aggregation with Client Orders***, below.

WFC generally will not recommend a broker-dealer/custodian to individuals in existing employer-sponsored plan accounts.

B. <u>Aggregation with Client Orders</u>

WFC routinely aggregates orders for clients in the same securities in an effort to seek best execution, negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among our clients. These are benefits of aggregating orders that we might not obtain if we placed those orders independently. WFC aggregates trades in like securities among client accounts as well as with accounts of WFC and our personnel, if we follow the policies described below. This presents a potential conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our personnel.

Our policies to address this conflict are as follows:

1. We will disclose our aggregation policies in this brochure;

2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the aggregation;

3. We will not favor any account over any other account. This includes accounts of WFC or any of our personnel. Each account in the aggregated order will participate at the average share price for all of our aggregated transactions in a given security on a given business day (per custodian). All accounts will pay their individual transaction costs;
   a. As an additional control, we could attribute a less favorable price to our personal accounts when participating in aggregated trades with clients;
   b. "Limit" orders entered individually generally receive different pricing than a block entered for the other clients in the same security;

4. Before entering an aggregated order, we will prepare a written statement (the "Allocation Statement") specifying the participating accounts and how we intend to allocate the order among those accounts;

5. If the aggregated order is filled entirely, we will allocate shares among clients according to the Allocation Statement; if the order is partially filled:
   a. For all trades, we may allocate the order differently than specified in the Allocation Statement if all client accounts receive fair and equitable treatment;
   b. For equity trades, we will explain the reasons for a different allocation in writing, which the CCO must approve within one hour following the opening of the markets on the next trading day; and
   c. For fixed income trades, securities are allocated taking into account a client's cash position, the maturity/call date of the security, and current asset allocation.

6. Notwithstanding the foregoing, the order can be allocated on a basis different from that specified in the Allocation Statement if all accounts of clients whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing and is approved in writing by the CCO or designee within a reasonable period of time following the opening of the markets on the trading day following the day on which the order is executed;

7. Our books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account;

8. Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. Clients' cash and securities will not be held any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held for clients will be delivered out to the qualified custodian as soon as practical;

9. We do not receive additional compensation or remuneration of any kind as a result of aggregating orders; and

10. We will provide individual investment advice and treatment to each client's account.

WFC can sometimes place individual orders for the same security for different clients at different times and in different relative amounts due to, among other things, initial transactions for a new client, timing of, and availability of, client to provide trade approval for non-discretionary accounts, differences in investment objectives, cash availability, size of order, and practicability of participating in "block" transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular client. There are circumstances when some of a client's transactions in the security will not be aggregated with other clients. WFC has adopted policies and procedures intended to make our trading allocations fair to all of our clients.

Item 13: Review of Accounts

A. Managed Account Reviews

Portfolio Management Services

We manage portfolios on a continuous basis and generally review all client accounts at least quarterly, with underlying investments reviewed on a more frequent basis. All accounts are reviewed with respect to adherence to client's written objectives, asset allocation, concentration in each security, sector and industry, and credit quality of fixed income securities. Richard S. Levenson, President, CEO and CIO, conducts all account reviews.

Financial Planning Services

We generally review all client financial plans at least annually. WFC also reviews and discusses financial planning with clients at quarterly review meetings. Clients are also encouraged to contact WFC when they experience changes to their financial situation, so that we can reevaluate the overall plan and determine whether changes are necessary. Richard S. Levenson, President, CEO and CIO conducts all financial plan reviews.

Additional Review Triggers
More frequent reviews can be triggered by material changes such as the client's investment objectives and/or financial situation, material cash deposits or withdrawals, or the market, economic, or political environment. WFC periodically rebalances clients' investment portfolios as needed to conform to the target asset allocation guidelines approved by the client. WFC, in consultation with the client, will periodically review each client's portfolio to determine whether risk and return objectives and investment policies need revision as a result of changes in the

client's financial circumstances. All clients are advised that it remains their responsibility to advise WFC of any changes in their investment objectives and/or financial situation.

B. Account Reporting

Portfolio Management Services

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period and our management fee deductions. In addition, WFC provides clients with written quarterly portfolio statement reports. Our reports detail a description of the assets held, the quantity and market value of each position, and the total market value of each account. WFC may also provide supplemental reporting as agreed upon by WFC and the client on a case-by-case basis.

Financial Planning Services

Financial planning clients do not receive ongoing reporting beyond the initial financial plan unless the plan has been materially updated or a new planning scenario has been added at the client's request. In those cases, an updated plan is provided to the client.

Item 14: Client Referrals & Other Compensation

A. Receipt of Economic Benefits

WFC receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers 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 (see ***Item 12 – Brokerage Practices***). The availability to WFC of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Outside Compensation

WFC sometimes refers clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, legal, and/or tax/accounting services. In turn, these professionals could refer clients to us for advisory services. We do not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that WFC is receiving an indirect economic benefit from the arrangement, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to WFC.

WFC only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider and solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and WFC has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by WFC.

If the client desires, WFC will work with these professionals, or the client's other advisers (such as an accountant or attorney), to help ensure that the provider understands the client's investments and to coordinate services for the client. WFC will never share information with an unaffiliated professional unless first authorized by the client.

Item 15: Custody

WFC has limited custody of some of our clients' funds or securities when they authorize us to deduct our management fees directly from their account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

WFC is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from WFC as well as from the qualified custodian, clients should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from their qualified custodian at least quarterly should also notify us.

Item 16: Investment Discretion

Discretionary Management

WFC offers management of client portfolios on both a discretionary and non-discretionary basis and the client grants us discretionary authority by completing and signing WFC's Investment Management Agreement (IMA) and provides us trading authority by completing and signing applicable custodial paperwork. Clients that have provided WFC with discretionary authority will not be contacted before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. In the case where clients have not provided WFC discretionary authority, WFC must secure client permission prior to effecting securities transactions in the client's accounts.

Certain client-imposed conditions may limit WFC's discretionary authority, such as in rare circumstances where the client prohibits transactions in specific individual securities or directs us to execute transactions through specific broker/dealers.

Non-Discretionary Management

For our 3(21) non-discretionary investment advisory services provided to participant-directed retirement plans, WFC assists the retirement plan client in making decisions about the selection, retention, removal, and addition of plan investment options to be made available under the plan. The retirement plan client retains and exercises final decision-making authority and responsibility for the implementation (or rejection) of WFC's recommendations and advice.

Item 17: Voting Client Securities

Proxy Voting

WFC does not accept or have the authority to vote client securities. WFC will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ERISA

For accounts subject to ERISA, an authorized plan fiduciary other than WFC will retain proxy voting authority. Our investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

WFC does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

Item 18: Financial Information

A. If we require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

B. If we are an SEC-registered adviser and have discretionary authority, or custody of client funds or securities, or we require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance, we must disclose any financial conditions.

We have nothing to disclose in this regard.

C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

Form ADV, Part 2B Brochure Supplement

Richard S. Levenson

November 3, 2023

This brochure provides information about Richard S. Levenson that supplements the Western Financial Corporation Form ADV Part 2A, above. If you have any questions about the contents of this brochure, please do not hesitate to contact us at (619)544-0260. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Richard S. Levenson and Western Financial Corporation is also available on the SEC's website at www.adviserinfo.sec.gov. Western Financial Corporation's CRD number is: 6118.

13400 Sabre Springs Parkway
Suite 170
San Diego, CA 92128
(619) 544-0260
(800) 488-5990
www.westfincorp.com

Richard S. Levenson

Item 2: Educational Background & Business Experience

Name:	Richard S. Levenson
Year of Birth:	1963
Education:	BA in Sociology, Pitzer College, The Claremont Colleges, 1985 MBA in International Finance, Thunderbird School of Global Management, 1986

Business Background:

01/1988 – 04/2008:	Western Financial Corporation, Senior Vice-President
04/2008 – Present:	Western Financial Corporation, President and CEO
12/2016 – Present:	Western Financial Corporation, Chief Investment Officer and Chief Compliance Officer

Exams/Licensing:

2017: Series 66

Exams/Licensing (formerly held through broker-dealer):

1987:	Series 7	2009:	Series 79
1990:	Series 4	2011:	Series 99
2000:	Series 55	2016:	Series 57
2007:	Series 24		

Item 3: Disciplinary Information

There is nothing to disclose in this regard.

Item 4: Other Business Activities

Mr. Levenson's only business is providing investment advice through WFC.

Item 5: Additional Compensation

Mr. Levenson's only compensation is derived from the business he brings to the firm and his ownership of WFC.

Item 6: Supervision

Mr. Levenson is the Chief Investment Officer and Chief Compliance Officer of Western Financial Corporation and supervises all employees. He can be reached at (619) 544-0260.

Rev. February 2019

FACTS	WHAT DOES WESTERN FINANCIAL CORPORATION, INC. DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and income • account balances and transaction history • assets and risk tolerance When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Western Financial Corporation, Inc. chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Western Financial Corporation, Inc. share?	Can you limit this sharing?
For our everyday business purposes - as permitted by law	YES	NO
For our marketing purposes - to offer our products and services to you	YES	NO
For joint marketing with other financial companies	NO	We don't share
For our affiliates' everyday business purposes - information about your transactions and experiences	NO	We don't share
For our affiliates' everyday business purposes - information about your creditworthiness	NO	We don't share
For nonaffiliates to market to you	NO	We don't share

Questions?	Call 619-544-0260 or go to www.westfincorp.com

WHO WE ARE	
Who is providing this notice?	**Western Financial Corporation, Inc.**

WHAT WE DO	
How does Western Financial Corporation, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Western Financial Corporation, Inc. collect my personal information?	We collect your personal information, for example, when you • seek advice about your investments • enter into an investment advisory contract • tell us about your investment or retirement portfolio • tell us about your investment or retirement earnings • give us your contact information We also collect your personal information from other companies
Why can't I limit all sharing?	Federal law gives you the right to limit only: • sharing for affiliates' everyday business purposes - information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

DEFINITIONS	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *Western Financial Corporation, Inc. has no affiliates*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. • *Western Financial Corporation, Inc. does not share with nonaffiliates so they can market to you*
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *Western Financial Corporation, Inc. doesn't jointly market*