

## Wolfers Asset Management LLC

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This brochure provides information about the qualifications and business practices of Wolfers Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Wolfers Asset Management LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment advisor provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Wolfers Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm CRD number is 121359.

## Wolfers Asset Management LLC

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Our previous annual update was dated July 23, 2019. Following is a summary of the material changes made to Part 2 since that amendment.

There have been no material changes since July 23, 2019.

Please contact Erik Wolfers at (510) 601-1935 or EW@WolfersAM.com if you would like a copy of our updated Part 2. Additional information about us is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 3

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## **ITEM 4: ADVISORY BUSINESS**

### **Who we are:**

Erik Sean Wolfers sole managing member of Wolfers Asset Management LLC (referred to as “we,” “our,” “us,” or “WAM LLC”), has been registered as an investment advisor since July 2001. Please see Item 19 for additional background information about Erik Wolfers.

WAM LLC does business as “First and Main Financial.”

### **Services we offer:**

WAM LLC continues to practice proven methodologies for managing money for its clients. By putting the client first, charging reasonable to low fees, and sticking to what it knows, WAM LLC has experienced rapid growth in recent years.

The majority of WAM LLC’s business is managing accounts for individuals. As of 2/21/2019, WAM LLC manages accounts valued at \$53.6 million. All assets are managed on a discretionary basis, meaning; clients all agree to have WAM LLC make all specific investment decisions for them based on the stated investment goals, and their tolerance for risk.

WAM LLC also provides financial planning services to any clients wanting them. The most common type of financial planning performed by WAM LLC is retirement planning but comprehensive plans are also done including the evaluation of: insurance, estate, college, cash flow, budgeting, home buying, stock options, tax, and alternative investments like real estate.

After initial discovery and discussions, questions about tax, estate planning, mortgages and insurance are often referred to specialists in those areas as WAM LLC is not certified to do tax returns, or provide legal advice.

WAM LLC does not provide portfolio management services to a wrap fee program.

## **ITEM 5: FEES AND COMPENSATION**

### **Investment Management Services**

WAM LLC is paid quarterly in arrears based on the value of each account at the close of the quarter. WAM LLC offers tiered billing to clients with over \$500k in assets under management.

<u>Asset Value</u>	<u>Annual Fee</u>
On the first \$500,000	1.00%
On values from \$500,001 to \$1,000,000	0.90%
On values from \$1,000,001 to \$1,500,000	0.80%
On values from \$1,500,001 to \$2,000,000	0.70%
On values from \$2,000,001 to \$2,500,000	0.60%
On values over \$2,500,000	0.40%

For example, a client with \$720k with WAM LLC could be billed the following:

\$500,000 @ 1.00% plus \$220,00 @ 0.9%

We generally require that clients provide authorization for us to deduct fees directly from the client accounts through TD Ameritrade. Clients receive a statement in the mail, or uploaded to a client web portal detailing the fees that are due within days of when payment is requested from TD Ameritrade. Clients are responsible for reviewing the accuracy of the invoice, since TD Ameritrade will not do so.

You may end our advisory relationship by providing 30 days written notice. We will prorate the advisory fees earned through the termination date and send you an invoice for the advisory fees due.

### Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

## Financial Planning

Financial planning services are provided for a fixed fee ranging from \$500 to \$5,000. Clients will receive an invoice for a 50% upon initiation of a plan and a final invoice upon completion of the financial plan that are payable upon receipt. Fees for financial planning services may be paid by check, cash, or credit card .

When a client becomes an asset management client with substantial assets, it is very rare to charge for ongoing financial planning. Existing and older clients who chose to initially not do any financial planning with us generally do not get charged for financial planning time.

You may cancel our financial planning agreement at any time by providing written notice. Upon cancellation, we will present you with an invoice for time spent. This invoice is payable upon receipt.

WAM LLC has a conflict of interest when providing financial planning advice. When clients implement the financial plan through WAM LLC, we receive the customary advisory fees as disclosed in the above section. Clients are not required to employ WAM LLC to implement any financial planning recommendations.

## Conflicts of Interest

WAM LLC does not earn commissions for recommending financial products nor do we receive referral fees or any “back-end” marketing fees from mutual fund companies. WAM LLC does not receive compensation, other than the fees mentioned above, for the sale of securities or other investment products.

WAM LLC's only compensation comes from its clients, which helps create the greatest incentive possible to have interests aligned directly with clients.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not receive performance fees for managing accounts.

## **ITEM 7: TYPES OF CLIENTS**

WAM LLC works with clients who are individuals, or may have a revocable trust. WAM LLC's asset minimum for new clients is typically \$500,000, but this minimum may be waived at Erik Wolfers' sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

WAM LLC primarily invests its clients' assets in mutual funds (mostly provided by DFA). WAM LLC currently uses a few commission free exchange traded index funds.

Each mutual fund specializes in one sector of the global markets. The following are the types of assets focused on by the various funds:

- Small cap domestic stocks
- Mid cap domestic stocks
- Large cap domestic stocks
- Stocks outside the U.S. in developed markets
- Emerging markets stocks
- Global real estate stocks
  
- California municipal bonds
- National municipal bonds
- Global bonds
- Domestic bonds
- Inflation protected bonds
- Hedged bonds
- Money market funds and insured cash funds

Mutual funds are continually evaluated by WAM LLC for their risk adjusted performance and ability to generate consistent results. Many of the funds used by WAM LLC have track records of over 10 years.

Younger client portfolios are often more concentrated in stock mutual funds.

Older clients, or those wanting to have a less volatile portfolio, generally also hold a greater percentage of cash, intermediate and long bonds, international bonds and inflation protected bonds.

While a younger client may hold a portfolio that is diversified among the types of stock mutual funds, the portfolio may wind up being 100% stocks. Older clients generally have at least a 20% to 30% weighting in bonds and cash, sometimes up to 80% bonds and cash.

Retirement accounts are rebalanced periodically, depending on market conditions or cash needs, while taxable accounts may be left alone to grow for periods much longer than one year.

A 100% stock portfolio has the chance of declining dramatically in any given period when global economic events conspire to create world market panic. Something near a 50% decline has occurred in the past.

A more diversified portfolio containing 30% to 80% bonds and cash is likely to drop much less in a global market panic but can still drop a painful amount. WAM LLC holds the long view, not attempting to pull assets out of the market when things are looking less favorable because it's impossible to predict when a recovery might occur. Diversification protects as best it can and has been shown to work well over time.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situation at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to a client's evaluation of the investment advisor and each investment advisor representative providing investment advice. Neither WAM LLC nor Erik Wolfers have information of this type to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As a registered investment advisor, WAM LLC is required to disclose any other financial industry affiliations. Neither WAM LLC nor Erik Wolfers have material outside business affiliations, arrangements or registrations, pending or otherwise, with other companies, regulatory organizations or persons.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by WAM LLC and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

## Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) individually after client trades have been completed. When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

WAM LLC and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

## **ITEM 12: BROKERAGE PRACTICES**

### Selection of Brokers

In selecting brokers to execute portfolio transactions, we make a good faith judgment of about which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the operational facilities of the broker-dealers involved, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

WAM LLC participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade “). TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program. Please see Item 14: Client Referrals and Other Compensation” for additional information.

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We require that our clients use TD Ameritrade as the qualified custodian. We are independently owned and operated and are not affiliated with TD Ameritrade. TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use TD Ameritrade as



custodian/broker, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

## Aggregation of Orders

WAM LLC may aggregate client orders. When orders of identical ETF securities, in the same direction, are placed, the orders may be aggregated to ensure substantially the same price for each client. There may be occasions, due to operational needs, when trades are placed at different times during the day and are not aggregated. The majority of the securities traded are open-ended mutual funds, which price only once per day. Trades in ETFs are placed when deemed necessary during review of client accounts.

## Soft Dollars

“Soft dollars” are typically generated when an investment advisor enters into an agreement with an executing broker to receive a portion of the commissions generated by the advisor’s client trades. The soft dollars are allocated to the investment advisor and can then be used to purchase items or services. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for any securities transactions.

We do not use soft dollars as described above. The SEC changed the wording of certain questions on the Form ADV and has indirectly changed the definition of soft dollars. Due to the new wording, the receipt of goods and/or services from a third party in connection with providing advice to clients could be seen as “soft dollars.” The additional services we receive from TD Ameritrade, as disclosed in Item 14 below, would fall under this description of soft dollars.

## **ITEM 13: REVIEW OF ACCOUNTS**

Investment holdings are reviewed at least monthly by Erik Wolfers, Sole Managing Member and/or Eric Wheeler, Portfolio Manager. Software provided by our custodian runs a review of portfolio allocations after every trading day. An interim review could be triggered by a change in market or economic conditions. More active accounts, or those held by retired clients needing monthly distributions, are reviewed more often.

Investment management clients receive written quarterly performance reports.

A comprehensive review of a client’s financial plan is performed when there is a change in the client’s financial circumstances, or when requested by the client. Most financial planning clients are in contact with WAM LLC at least a few times throughout the year. There are no standard periodic reports provided to financial planning clients.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

As disclosed in “Item 12: Brokerage Practices,” we participate in TD Ameritrade’s institutional customer program and we may require that clients use TD Ameritrade for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to you, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- access to a trading desk serving investment advisor participants;
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to WAM LLC by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit WAM LLC but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. The benefits received by WAM LLC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We do not directly or indirectly compensate anyone for client referrals.

## **ITEM 15: CUSTODY**

When you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” You will also receive quarterly statements directly from custodian of the account that details all transactions in the account.

## **ITEM 16: INVESTMENT DISCRETION**

As one of the conditions of managing your account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority. At the outset of every client relationship Erik Wolfers and the client sign an agreement stating that WAM LLC will be compensated for investment advice and that all investments put in the client’s portfolio are at WAM LLC’s discretion.

Clients state preferences about what does or does not go into a portfolio but the details seem to be almost always left up to Erik.

## **ITEM 17: VOTING CLIENT SECURITIES**

We delegate proxy voting rights to our clients.

Clients will receive proxies and other related paperwork directly from TD Ameritrade. Upon request we will provide guidance about voting a specific proxy solicitation.

## **ITEM 18: FINANCIAL INFORMATION**

We do not charge or solicit pre-payments for investment management fees. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

### **Principal Executive Officers and Management Persons**

Erik Wolfers, born 1970, founded Wolfers Asset Management LLC in 2001 after completing his MBA in Finance at Arizona State University. He graduated from the University of California at Santa Barbara in 1993 with a B.A. in Business-Economics. Between the spring of 1993 and matriculating at ASU in the fall of 1999 he worked primarily in the high tech industry.

Erik Wolfers is a Certified Financial Planner. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 units of continuing education every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Mr. Wolfers is responsible for the supervision of all investment personnel.

Neither WAM LLC nor Erik Wolfers has been involved in any of the items listed below.

- An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following: 1) an investment or an investment-related business or activity; 2) fraud, false statement(s), or omissions; 3) theft, embezzlement, or other wrongful taking of property; 4) bribery, forgery, counterfeiting, or extortion; or 5) dishonest, unfair, or unethical practices.
- An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following: 1) an investment or an investment-related business or activity; 2) fraud, false statement(s), or omissions; 3) theft, embezzlement, or other wrongful taking of property; 4) bribery, forgery, counterfeiting, or extortion; or 5) dishonest, unfair, or unethical practices.

## California Disclosure Requirements

In our opinion, all material conflicts of interest regarding WAM LLC, our representatives or any of our employees which could reasonably be expected to impair our rendering of unbiased and objective advice to an advisory client under Section 260.238(k) under the California Code of Regulations have been disclosed.