



## FORM CRS – CLIENT RELATIONSHIP SUMMARY

### January 31, 2023

#### Item 1. Introduction

Weatherly Asset Management L.P (“WAM” “Firm”, “we”, “our”, or “us”), is an investment adviser registered with the Securities and Exchange Commission. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS) which also provides educational materials about broker-dealers, investments advisors, and investing. We are an investment adviser and provide advisory accounts and services rather than brokerage accounts and services. This document gives you a summary of the types of services we provide and the fees you pay. Please ask us for more information. There are some suggested questions for you to ask us referenced throughout the document.

#### Item 2. Relationship and Services - What investment services and advice can you provide me?

We offer to retail investors investment advisory services that includes asset management and financial planning. Our asset management services are usually performed on a discretionary basis. Having discretionary authority allows us to decide the type and amount of securities to be bought or sold for your account and when to invest, without consulting you first. We maintain this discretion until it is revoked (e.g., by termination of our agreement or upon written instruction from you). Financial planning is part of our overall advisory services, with no additional fees charged for the service. It generally covers cash flow management, tax planning, insurance review, education funding, retirement planning and/or estate planning. We gather information from you on your investment and financial goals in order to provide customized asset management and financial planning. For our financial planning recommendations, you make the ultimate decision of whether to implement each recommendation, including the purchase or sale of investments. You are free at all times to accept or reject any of our recommendations. As part of our services, we review client accounts daily and focus on performance, risk levels and diversification. Our minimum account size is \$1,500,000 of assets under management. We have the discretion to waive the account minimum. **For additional information**, please refer Items 4, 7, 8 of our [ADV2A Brochure](#) or [IAPD](#), or call us at (858) 259-4507.

#### Conversation Starter – Ask one of our financial professionals the following:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

#### Item 3. Fees, Costs, Conflicts, and Standard of Conduct - What fees will I pay?

Our management fees are tiered and based on the type of securities held in your account and a percentage of your assets under management. Our principal annual fee schedules are: (i) for equity securities held in your managed account(s), 1.0% for the first \$5 million, 0.875% on the next \$5 million, 0.75% on the next \$5 million, and 0.50% on the balance. For fixed income securities held in your managed account(s), 0.50% on the first \$10 million, 0.30% on the next \$40 million, 0.20% on the next \$50 million, and 0.15% on the next \$100 million. For new clients with accounts opening on or after January 31, 2023, the minimum fee for Assets Under Management is \$2500 per quarter, billed in advance. If the fee according to the schedules above is lower than the stated minimum fee, the stated minimum fee will apply. For example, when a client's account assets is under our minimum of \$1,500,000 and invested fully in fixed income securities, the annual minimum fee of \$10,000 equals more than 0.50%. For cash accounts investing in fixed income securities with significant liquidity needs, the annual fee is 0.20% of the first \$25 million, 0.15% of the next \$25 million, and 0.10% of the balance. We also charge an asset based annual fee for assets invested in annuities, and for assets that we advise on (assets under advisement). Our financial planning services are provided as part of our asset management services, so we do not charge an additional fee for that service. We bill management fees quarterly in advance and calculate based on the value of cash and equivalents, accrued income, and assets in your account(s), as of the last day of the previous calendar quarter. Our fees are negotiable, and we do have clients with other fees structures and/or tiers. When determining the asset level for fee billing purposes, we will aggregate family related accounts, which include spouses, children, siblings, parents, and grandparents. Also, you will pay additional fees to third parties in connection with your managed account. These can include, as applicable, transaction fees, custodian fees and mutual fund fees (e.g., management and administrative costs such as 12b-1 fees), distribution fees, deferred sales charges, redemption penalties, IRA fees, margin interest, wire transfer and electronic fund fees, and other account administrative fees. You will pay fees and costs whether you make or lose money on your investments. Fees and

costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. **For additional information**, please refer to Items 5, 10, and 14 of our [ADV2A Brochure](#) or [IAPD](#), or call us at (858) 259-4507.

**Conversation Starter – Ask one of our financial professionals the following:**

- *Help me understand how these fees and costs might affect my investments. if I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment adviser*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are a couple examples to help you understand what this means. *Example 1:* WAM recommends certain brokerage firms, such as Fidelity to serve as custodian to our clients. These custodians provide us with certain products and services at no cost that benefit us but do not benefit our clients. Certain of these products and services assist us in managing and administering our clients' accounts and others help us develop our business. The receipt of such creates a conflict of interest as it gives us an incentive to have clients custody their assets with one of these custodians. *Example 2:* We participate in the Fidelity Wealth Advisor Solutions<sup>®</sup> (WAS<sup>®</sup>) Program through which we receive client referrals. Under this program, Fidelity acts as a solicitor for WAM, and we pay Fidelity a referral fee for each referral received. The fee is based on the assets under our management of each client referred by Fidelity or members of each client's household. The fee is paid by us and does not result in higher fees to the referred client. We pay an annual WAS<sup>®</sup> program fee that does not result in higher fees to the referred client. This arrangement creates potential conflicts of interest as it, among other things, gives us an incentive to suggest Fidelity to act as custodian and broker to your, and other clients' accounts, regardless of whether or not referred by Fidelity. **For additional information**, please refer to Items 10, 11, 12, and 14 of our [ADV2A Brochure](#) or [IAPD](#), or call us at (858) 259-4507.

**Conversation Starter – Ask one of our financial professionals the following:**

- *How might your conflicts of interest affect me, and how will you address them?*

**How do your financial professionals make money?**

Financial professionals are compensated with salary and bonus based on the Firm's overall financial performance and net income. They are not compensated based on factors such as amount of client assets they service; type of investment products recommended, or time and complexity required to meet a client's needs. Partners of the firm, some of whom are Financial Professionals, are also compensated via partnership distributions based on net income of the firm. All members of the Firm engage in a team-based approach to relationship and portfolio management, and thus are not compensated on a commission structure. Additional information about the compensation received by WAM financial professionals and any related conflicts of interest are outlined in each professional's Form ADV Part 2B, which can be obtained by calling us at (858) 259-4507.

**Item 4. Disciplinary History - Do you or your financial professionals have legal or disciplinary history?**

**No.** Please visit [www.Investor.gov/CRS](http://www.Investor.gov/CRS) for a free and simple search tool to research our firm and financial professionals.

**Conversation Starter – Ask one of our financial professionals the following:**

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**Item 5. Additional Information**

**For additional information about our services, or for a copy of this Form CRS please refer to [IAPD](#) or call (858) 259-4507.**

**Conversation Starter – Ask one of our financial professionals the following:**

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?*
- *Who can I talk to if I have concerns about how this person is treating me?*



## FORM CRS – MATERIAL SUMMARY PAGE

### **Material Changes:**

The material changes to this January 2023 version of Form CRS are included in Item 3 and involve changes to our minimum fees. For new clients with accounts opening on or after January 31, 2023, the minimum fee for Assets Under Management is \$2,500 per quarter, billed in advance, which equates to an annual fee of \$10,000. If the fee according to our stated schedules is lower than the stated minimum fee, the stated minimum fee will apply.