



Form ADV Part 2A Appendix 1

*March 2017*

## **The Archetype Wealth Management Program**

*Sponsored By*

### **Archetype Advisors, LLC**

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This brochure provides information about the qualifications and business practices of Archetype Advisors, LLC (“Archetype” or the “Firm”). If you have any questions about the contents of this brochure, please contact Jennifer Estelle at (888) 975-7526. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Archetype is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Archetype is an independent registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Materials Changes

In this Item, the Firm is required to discuss any material changes since its last annual amendment dated March 22, 2016. The following changes have occurred since the date of the last filing:

- Archetype has expanded its financial planning and consulting services and now offers a variety of stand-alone, customized engagements outside of the Firm's traditional wealth management program.
- The Firm has shifted away from the use of independent investment managers and individual securities (e.g., equities, bonds, options, etc.), and now focuses primarily on internal strategies employing exchange-traded funds.
- The Firm no longer charges performance based fees.
- Archetype is now considered fee only, as the Firm no longer employs Supervised Persons who are separately registered as representatives of a broker/dealer or who receive transaction based compensation in connection with client securities transactions.

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#### **Item 4. Services, Fees and Compensation**

The Archetype Wealth Management Program (the “Program”) is a comprehensive wealth management program sponsored by Archetype, an investment advisory boutique in business since November 2011.

Archetype is guided by its mission to create a highly personalized client experience, whereby it fosters client relationships and undertakes a largely consultative approach to identify its client’s investment goals and objectives. Using forensic examination of cash flows, risk and assets, Archetype seeks not only to identify opportunities, but also to tailor expert solutions through the use of professional financial planning processes and algorithmic modeling.

While this brochure generally describes the business of Archetype as it relates to clients receiving services through the Program, certain sections also describe the activities of the firm’s Supervised Persons, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Archetype’s behalf and are subject to the firm’s supervision.

##### Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with Archetype setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with Pershing, LLC, through Pershing Investment Manager Services (“Pershing”), or another broker-dealer Archetype approves for participation in the Program (collectively the “Financial Institutions”).

Under the Program, Archetype provides clients with a broad range of financial planning services, which may address a variety of in-depth tax and non-investment related matters. At Archetype, the central tenant to the firm’s planning services is the process, rather than the product. As such, the firm utilizes the expertise of its trusted partners to analyze its clients’ financial situations and develop a corresponding financial plan, as the firm seeks to ensure that the planning component remains wholly independent from implementation.

From there, clients’ investment portfolios are managed on a discretionary basis by Archetype, which generally allocates clients’ assets amongst relatively low cost exchange-traded funds (“ETFs”) in accordance with the investment objectives of the client. Archetype may also provide advice and/or manage other types of securities held in clients’ portfolios, such as restricted or concentrated stock positions, legacy holdings, private investments, etc.

##### Fees for Participation in the Program

Archetype provides wealth management services for an annual fee based upon assets under management and/or the performance of the client’s portfolio. In addition, at the onset of the advisory relationship, clients also pay a one-time initial setup fee equal to one percent (1.00%) of the assets to be managed by the Firm which is used to cover certain expenses incurred by Archetype pertaining to the development of each client’s comprehensive financial plan, which provides the groundwork for substantially all of Archetype’s wealth management services.

Archetype generally charges a fee equal to two percent (2.00%) of the market value of the assets being managed through the Program. This fee prorated and charged quarterly, in advance, based upon the average daily value of the assets being managed by Archetype under Program during the previous quarter.

Since this fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is adjusted accordingly. For the initial quarter of the Program, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final quarter is prorated through the effective date of the termination and the remaining balance is refunded to the client.

#### *Fee Comparison*

A portion of the fees paid to Archetype are used to cover the brokerage commissions and transactional costs attributed to the management of its clients' portfolios. Participation in the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

#### *Fee Discretion*

Archetype may, in its sole discretion, negotiate to discount or waive certain fees based upon certain criteria (e.g., investment only accounts, anticipated future earnings, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, preexisting client relationship, account retention, etc.).

#### *Fee Debit*

Archetype is generally authorized to directly debit a client's account for payment of its advisory fees. Any Financial Institutions recommended by Archetype have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Archetype. Archetype also sends clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered, and the amount of assets under management on which the fee was based.

#### *Account Additions and Withdrawals*

Clients may make additions to and withdrawals from their account at any time, subject to Archetype's right to terminate an account. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Archetype, subject to the usual and customary securities settlement procedures. However, Archetype designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Archetype may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

#### *Other Charges*

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include costs associated with margin balances, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

#### *Compensation for Recommending the Program*

Archetype investment adviser representatives are entitled receive a portion of the fees paid by their clients for participation in the Program.

### **Item 5. Account Requirements and Types of Clients**

#### Account Requirements

Archetype imposes the following account conditions:

Minimum Setup Fee: \$2,000

Maximum Setup Fee: \$25,000

Minimum Annual Fee: \$6,000

These account requirements may have the effect of making Archetype's services cost prohibitive for certain clients. As a result, the firm does not accept clients with portfolios valued at less than \$200,000, which could result in an effective fee rate that exceeds 3.00% of assets under management. Clients are advised that not all advisers require an initial setup fee for a financial plan and clients may pay a higher fee for Archetype's wealth management services than it would at other advisers. Archetype, in its sole discretion, may waive these stated fee minimums based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

#### Types of Clients

Participation in the Program is offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Item 6. Portfolio Manager Selection and Evaluation**

As discussed in Item 4, Clients' investment portfolios are managed on a discretionary basis by Archetype and are primarily comprised of various ETFs in accordance with the Firm's investment models.

As a convenience to clients, Archetype may also render non-discretionary investment advisory services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Archetype either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product's sponsor.

Archetype tailors its advisory services to the individual needs of its clients and ensures that each investment is suitable in light of their specific profile. Clients may impose reasonable mandates or restrictions on the management of their accounts if, in the Firm's sole discretion, such conditions would not adversely impact,

or provide overly burdensome to, Archetype’s portfolio strategy. For comprehensive wealth management clients, in order to keep apprised of any developments to its clients’ financial situations, Archetype strives to mandate that each client’s financial plan is revisited on at least an annual basis, as further discussed in Item 13. Archetype employs this policy as part a concerted effort to ensure the viability of every financial plan, and corresponding investment strategy, on an ongoing basis.

Clients are advised to promptly notify Archetype if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Archetype’s management services. Clients may impose reasonable restrictions on the management of their account if, in Archetype’s sole discretion, it determines that such restrictions would not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Archetype manages substantially all of its clients’ assets through the Program. In return for these services, Archetype receives a portion of the fees paid for participation in the Program, as described in Item 4 (above).

### Manager Selection

Archetype is the sole portfolio manager under the Program.

### Side-By-Side Management

Archetype does not provide services under a performance-based fee arrangement and therefore does not engage in side-by-side management of accounts with different fee structures.

### Methods of Analysis

Archetype’s methodology focuses on analyzing the suitability of an investment opportunity pursuant to each client’s customized financial plan, which addresses the following client specific considerations, without limitation:

- Investment objectives;
- Cash flows;
- Risk tolerance;
- Distributions;
- Time horizon; and
- Tax ramifications.

Archetype utilizes a series of proprietary “screens,” made up of both deterministic and stochastic modeling techniques, to assess an investment’s risk level, financial condition and track record, relative to its respective asset class. The firm relies on these metrics to determine which investment vehicles to employ in order to effect a strategy that aligns with the characteristics of the corresponding financial plan.

### Investment Management Strategy

Archetype’s comprehensive, multi-faceted approach to wealth management is defined by the “EGPRIM” process, whereby Archetype endeavors to:

- Establish an open dialogue and engage a client in a relationship;
- Gather all pertinent information and endeavor to identify and understand a client’s situation;
- Process client data and compute a corresponding financial plan;
- Recommend a suitable financial strategy plan, and engage in a holistic review in order to achieve an in-depth understanding of the plan’s breadth;

- Implement the plan through the use of an Archetype advisor or outside account manager; and
- Monitor the planning activity on an ongoing basis in order to stay current with all changes to a client's situations, as well as the economic and legislative tides.

Archetype believes that the segregation of wealth management services is a value-added proposition, which ensures that the financial planning process, investment strategy implementation, account custody services, reporting operations and compliance solutions operate largely independent from one another. It is in this "horizontal advice model" that Archetype seeks to establish a multi-tiered set of checks and balances, and avoid the in-house "cat watching the canary" effect that occurs when these services are bundled internally. As such, Archetype works collaboratively with outside professionals and portfolio managers to develop and deliver customized, comprehensive investment solutions to its clients. With over 200 strategic relations with experienced legal, insurance and portfolio brands, Archetype maintains the capacity to service nearly all components of a client's financial life.

Each client is first fitted with a highly customized, comprehensive financial plan, prepared by a financial planning professional with whom Archetype maintains a relationship. This plan addresses all areas of concern with regard to a client's finances, including insurance needs, lending facilities, income requirements, tax strategizing, estate structuring, and retirement planning, amongst others. This plan also acts as a blueprint for the management of the client's portfolio. Although Archetype manages each portfolio on a discretionary basis, this discretion is limited to the confines of the financial plan. In short, this ensures that only those products and solutions that are suitable, in light of each client's individual situation and objectives, are utilized in the management of their account.

Archetype strives to make certain that its professionals remain cognizant and knowledgeable of any developments to its clients' personal and financial situation. Accordingly, Archetype imposes a strict requirement that clients connect with their advisors at least annually to revisit their financial plans and investment strategies. This provides Archetype with the ability to work proactively to structure solutions and fosters collaboration on all levels.

### Risks of Loss

Investing involves risk, including the potential loss of principal, and past performance may not be indicative of future results. The profitability of Archetype's implementation efforts may depend to a great extent upon certain of the Firm's assessments pertaining to median average performance of asset classes, investment types, and/or risk grades, which are used to calculate future cash flows and goal achievement. There can be no assurance that the assumptions underlying Archetype's investment decisions will prove effective in achieving the objectives set forth in a client's financial plan.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a



mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### Voting of Client Securities

Archetype does not accept the authority to vote client securities (i.e., proxies) on their behalves. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

#### **Item 7. Client Information Provided to Portfolio Managers**

In this Item, Archetype is required to describe the type and frequency of the information it communicates to the Independent Managers, if any, managing its clients' investment portfolios. The Firm is the sole portfolio manager under the Program and therefore this Item is not applicable.

#### **Item 8. Client Contact with Portfolio Managers**

In this Item, Archetype is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their assets. There are no restrictions on clients' ability to correspond with Archetype.

#### **Item 9. Additional Information**

##### Disciplinary Information

Archetype has not been involved in any legal or disciplinary event that is material to a client's evaluation of its advisory business or the integrity of management.

##### Other Financial Industry Activities and Affiliations

Archetype operates on a fee basis and does not sell products to its advisory clients. Certain of the Firm's Supervised Persons maintain insurance licenses; however, Archetype generally does not permit them to offer commissionable insurance products to advisory clients. Further, Archetype's Principal, William J. Lahr, IV, CFP®, in his individual capacity, may provide institutional consulting services through an affiliated of the Firm, Forte. These services may include marketing, branding, organizational structuring and other similarly related consultative functions. Archetype does not receive any portion of these fees. A conflict of interest exists to the extent that Archetype recommends these institutional consulting services

and Mr. Lahr receives additional compensation as a result. Archetype has policies in place to ensure that any such recommendations are provided in the best interest of the client.

#### Client Referrals

Archetype does not compensate any unaffiliated third-party for referring clients to the Program.

#### Receipt of Economic Benefit

Archetype has arrangements in place whereby the firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program.

Specifically, Archetype may receive from Pershing certain computer software and related systems support which allow the firm to better monitor client accounts maintained at Pershing. Archetype may receive the software and related support without cost because Archetype renders investment management services to clients that maintain assets at Pershing. The software and related systems support may benefit Archetype, but not its clients directly. Additionally, Archetype may receive the following benefits from Pershing through its Pershing Advisor Solutions division:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its Pershing Advisor Solutions participants;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

In fulfilling its duties to its clients, Archetype endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Archetype's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Archetype's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

#### Financial Information

Archetype is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 10. Requirement for State-Registered Advisers**

#### William J. Lahr, IV, CFP®

Born 1969

#### *Post-Secondary Education*

The Catholic University of America | Architectural Engineering | 1987 – 1990

Delaware Valley College | Ornamental Horticulture | 1990 – 1991

*Recent Business Background*

Archetype Advisors, LLC | President | October 2010 – Present

Forte | President | October 2010 – Present

Lahr Consulting | Consultant | March 2006 – Present

United Planners Financial Services | Registered Representative | 2011 – 2012

*Performance Based Fees*

Neither the Firm nor Mr. Lahr receive performance based fees.

*Civil and Administrative Proceedings*

Neither the Firm nor its management persons have been subject to an award or otherwise found liable in an action involving a violation of any investment related statute.

*Relationships with Issuers*

Neither the Firm nor its management persons have a relationship with any issuer of securities not already disclosed herein.