



RELATIONSHIP SUMMARY

WATTS GWILLIAM AND COMPANY, LLC

APRIL 2021

Watts Gwilliam and Company is an investment adviser registered with the Securities and Exchange Commission. Investment advisory services and fees differ from brokerage services and fees and it is important for you to understand the differences. [Investor.gov/CRS](https://www.investor.gov/CRS) is a website providing free and simple tools to research firms and financial professionals, and which provides educational materials about investment advisers, broker-dealers, and investing. We encourage you to ask us questions and have provided suggested conversation starters, “Questions to Ask Us,” throughout this Relationship Summary.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer investment advisory services to retail investors. We first meet with you to gain an understanding of your current financial situation, your short- and long-term goals, and your risk tolerance. We use this information to recommend an investment portfolio specific to your investment objectives, goals, and needs. We offer an options trading strategy for Qualified Clients only and subject to management of investments in \$25,000 increments. We refer some, typically smaller, accounts to a third-party manager. Our Investment Committee sets the firm’s overall investment philosophy and underlying mix of asset classes. However, each advisory representative is responsible for monitoring the client portfolios of those clients he works with directly. We monitor accounts through an ongoing process with more formal account reviews conducted on a periodic basis and at least annually. Reviews are also triggered by material market, economic or political events, or by changes in your financial situation (such as retirement or termination of employment).

Questions to Ask Us:

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

We manage portfolios on a discretionary basis. When you grant us discretionary authority, this means we don’t need to call you before buying or selling securities in your account. We obtain discretionary authorization through our signed advisory agreement with you. We offer advice on different types of securities. We do not have a minimum account size; however, we require a minimum investment amount of \$25,000 in our options trading strategy.

For more detailed information about our services, please request a copy of our Form ADV, Part 2A brochure. Our brochure can also be found here: <https://adviserinfo.sec.gov/firm/brochure/131458>

WHAT FEES WILL I PAY?

We provide our general portfolio management for an asset-based fee, which is negotiable. Our management fee is based on your total assets under management with us. Our fee schedule is tiered, decreasing as your assets increase. Our maximum annual asset-based fee for portfolio management is 1.5%. We bill our fees quarterly in advance, usually deducted automatically from your account. When we charge asset-based fees, the more assets we manage, the more you’ll pay in management fees, giving us incentive to encourage you increase your assets with us. Upon request we offer financial planning for a fixed fee based on the complexity of your particular situation. For clients in our options trading strategy, we charge a performance fee, not an asset-based fee, each calendar month for this strategy where a profit has been made. Performance fees create an incentive for us to take more risk for the potential for higher gains.

You will also pay fees charged by third parties for other services provided to you, including fees charged by third-party advisers, your custodian, and your broker-dealer. Examples of third-party costs include transaction fees, foreign tax

withholding, regulatory fees, and wire transfers. Exchange traded funds (ETFs) and mutual funds also charge internal management fees, which reduce the return of investments over time. We are paid only through our own advisory 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. Our [Form ADV, Part 2A \(Item 5 and Item 12\)](#) contain more detailed information about our fees and costs.

Questions to Ask Us:

- **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 ADVISER?
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.

Outside of their role with our firm, our financial professionals are invested in and at times involved in the management of private investments that they may also recommend to our clients. This creates a conflict of interest as our financial professionals either receive fees directly from those investments through their ownership or manager role, or they benefit as an investor from increased value of that investment. This gives them incentive to recommend those investments to clients, thereby increasing the overall investment value. Watts Gwilliam & Co. does not charge an investment management fee on any of those assets. Our receipt of asset-based fees is a conflict of interest. For example, if you asked us for a recommendation about paying down outstanding debt or making charitable contributions, versus keeping those funds in your accounts with us, we will always make the recommendation that we believe is in your best interest. At the same time, we have a conflict of interest in making the recommendation because we earn more advisory fees when you keep more assets in your account.

The only direct revenue we receive is from the advisory fees you pay to us. We receive non-monetary benefits through our relationship with your broker-dealer/custodian, such as access to their institutional platform, research, technology services, and seminars. These benefits give us an incentive to recommend one particular broker-dealer/custodian over another.

Questions to Ask Us:

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

Our Form ADV, Part 2A contains detailed information about our conflicts of interest.

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals receive variable compensation related to the amount of assets under management and total advisory fees generated. This creates a financial incentive to solicit and retain clients.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit Investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Questions to Ask Us:

- **Who is my primary contact person?**
- **Is he or she also representative of a broker-dealer?**
- **Who can I talk to if I have concerns about how the service I am receiving?**

For more detailed information about our investment advisory services, or to request another copy of this Relationship Summary, please contact us at (480) 889-8998 and speak to your advisory professional or our Chief Compliance Officer. You may also visit the SEC's public disclosure website at www.adviserinfo.sec.gov.

**EXHIBIT OF MATERIAL CHANGES TO RELATIONSHIP SUMMARY
WATTS GWILLIAM AND COMPANY, LLC**

MATERIAL CHANGES

We are required to highlight any material changes we make to this Relationship Summary and publish those changes within 30 days of the effective date of the change.

We have added a new optional options trading strategy to our portfolio management. This strategy is suitable only for Qualified Clients. We charge a performance fee each calendar month for this strategy where a profit has been made. We do not charge an asset-based fee on assets managed in this strategy. Performance fees are a conflict of interest in that give us incentive to take higher risks for potentially higher returns. The minimum investment in this strategy is \$25,000.