

Item 1: Cover Page



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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of 4Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (708) 695-5300. 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 4Wealth Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for 4Wealth Advisors, Inc. is 129727.

4Wealth® Advisors, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

There have been no material changes since our last annual amendment on March 9, 2022.

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Item 4 Advisory Business

Description of Firm

4Wealth® Advisors, Inc. (hereinafter: "4Wealth," "we," "our," and "us") has been an SEC registered investment adviser since June 2018 and is based in Burr Ridge, Illinois. We have been providing investment advisory services since 2004. Prior to November 2012, we conducted advisory business under the name of Cambridge Wealth Management, Inc.

Principal Owners

We are organized as a sub-Chapter S corporation under the laws of the State of Illinois, with Peter Recchia as the principal owner.

Currently, we offer the following investment advisory services, which are personalized to each individual client.

Portfolio Management Services

We offer investment advice on a discretionary and non-discretionary basis. We work with you to tailor our advisory services to your individual needs by determining your investment objectives, risk tolerances, and other relevant information. We develop strategies to give you customized portfolio management services and conduct investment transactions on your behalf. This enables our firm to give you continuous and customized investment advice and/or to make investments on your behalf in a fiduciary capacity. As part of our portfolio management services, we may manage your assets as a customized portfolio, as a predefined strategy, or in one or more model portfolios developed by the firm. The portfolio performance is monitored on an ongoing basis and may be rebalanced based on market conditions, and your financial circumstances. We may also use one or more sub-advisers to manage a portion of your account on a discretionary basis. We will regularly monitor the performance of your accounts managed by sub-adviser(s) and may hire and fire any sub-adviser at our discretion. We may pay a portion of our advisory fee to the sub-adviser(s) we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

You may also impose certain restrictions on investing in certain securities by limiting our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third-party money manager ("money manager"), e.g., among others, to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific money manager or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the money manager's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the money manager(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

Pension Advisory Services

Our firm provides pension-consulting services to employee benefit plans ("Plan") and their fiduciaries based upon an analysis of the needs of the Plan. Services may consist of Fiduciary and/or Non-fiduciary Services in a manner designed to assist in the overall operation of the Plan, and to enable the Plan fiduciaries to make informed decisions that are in the best interests of the Plan and its participants. In general, we seek to assist plan fiduciaries and participants with:

- Considering appropriate investment objectives
- Understanding the risk and return characteristics of investments
- Evaluating performance over time of each investment option offered
- Understanding the impact of fees and expenses on investment returns

Note: All pension consulting client accounts are regulated under the Employee Retirement Income Securities Act of 1974, as amended ("ERISA").

Pension Advisory Services may include any one or all of the following:

Fiduciary Services

Investment Policy Statement

- We will assist the Plan in preparing an Investment Policy Statement ("IPS").

Quarterly Investment Review

We will review the Plan's investments quarterly, including the following:

- Suitability of Plan's investments in accordance with the IPS.
Development of appropriate benchmarks and methodology for selecting, removing, or retaining a particular investment for satisfaction of or failure to meet the stated objectives of IPS or conform to IPS.

Investment Performance

We will identify underperforming Plan investments and make recommendations as to re-balancing plan assets among appropriate asset classes, including mutual funds and non-securities investments.

With respect to Fiduciary Services, we will serve as a fiduciary of the Plan within the meaning of ERISA Section 3(21)(a)(ii) and/or Section 3(38), if applicable, the Department of Labor Regulation Section 2510.3-21(c)(1)(ii)(b), and the Investment Advisers Act of 1940 (the "Advisers Act"). To the extent we engage in Fiduciary Services, we agree to discharge our fiduciary obligations consistent with and subject to the applicable standards of conduct under ERISA and/or the Advisers Act.

We (i) will not act as, nor will it agree to assume the duties of a trustee of the Plan or as the plan administrator (as such term is defined in ERISA) and (ii) we will not be responsible for interpreting the Plan documents, determining eligibility, participation, vesting or benefits under the Plan, or taking any other action with respect to the management, administration, or any other aspect of the Plan.

As disclosed above, we offer various levels of advisory and consulting services to employee benefit

plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

In providing fiduciary, non-fiduciary, discretionary, and/or non-discretionary services to the Plan and/or Participants, our status is that of an investment advisor registered with the State of Illinois and other state securities authorities where required. We are not subject to any disqualifications under Section 411 of ERISA.

Non-Fiduciary Services

Service Provider Research

We will perform research and identify retirement plan service providers in the marketplace and provide quotations for fees and services of such providers as requested by the Plan. We will analyze, contrast, and compare appropriate retirement plan service providers with regard to the administrative, compliance and communications services offered, as well as the investment platform and overall fee structure.

Service Provider Recommendation

We make recommendations regarding retirement plan service provider selection based upon the results of service provider research and your goals and objectives.

Plan Benchmarking Study

We compare Plan current retirement plan data against industry and same-sized employer benchmarks and share information with the Plan.

Existing Plan Review

We review the major components of the retirement plan to identify strengths and weaknesses in such areas as plan structure and design, fees and expenses, participant communications and investment platform.

We shall not, and cannot, provide legal or tax advice to the Plan. The Plan shall agree to seek the advice of its legal or other advisors as to matters that might arise relating to the operations and

administration of the Plan. We also shall not provide any advice with respect to employer securities, employer real property, or participant loans held by the Plan or with respect to the investment of participant accounts, including without limitation individual directed accounts.

Financial Planning Services

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to you regarding the management of your financial resources based upon an analysis of your individual needs. If you retain our firm for these services, we

gather information from you about your financial circumstances and objectives. We deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

If you only require advice on a single aspect of the management of your financial resource, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern, depending on your unique circumstances.

In general, these services include any one or all of the following:

- Retirement Planning - This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Tax consequences and their implications are identified and evaluated.
- Investment Planning/Asset Allocation - This involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting your objectives. Tax consequences and their implications are identified and evaluated.
- Estate Planning - This involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, etc., and the disposition of business interests. Tax consequences and their implications are identified and evaluated.
- Insurance Planning - This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet your specific needs, e.g., life, health, disability, and long-term care insurance.
- College Planning - This includes alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated.
- Business Succession Planning - This includes alternatives and strategies with respect to the continuity or disposition of the business upon the business owner's retirement, death, disability, or decision to sell. Tax consequences and their implications are identified and evaluated.
- Tax Planning - This encompasses a large array of services that are customized to your specific financial circumstances. We may offer advice as to how tax laws will affect various financial decisions, e.g., acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others.

Portfolio Monitoring/Review Services

We provide asset allocation services and/or portfolio monitoring/review services. The frequency of the services provided will be agreed upon by our firm and you and will be detailed in the client agreement. Such services may include a review of your existing portfolio with asset allocation recommendations, a review/evaluation of recommendations made by other advisory professionals for suitability, management and/or monitoring of a participant's investments in a 401(k) plan, or on-going portfolio monitoring services.

Types of Investments

We may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of December 31, 2022, we managed approximately \$173,452,916 assets under management with approximately \$131,963,483 managed on a discretionary basis and approximately \$41,489,433 on a non-discretionary basis.

Item 5 Fees and Compensation

General Fee Information

Fees are paid quarterly, in advance, based on the end of day account values provided by the custodian on the last day of the previous quarter. We do not charge performance fees. Fees may be negotiable depending upon the amount of assets under management, the nature, and extent of account relationships between our firm and you, the type of services requested and other factors that we deem relevant to the advisory services relating to the program. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the client agreement goes into effect. At the discretion of 4Wealth, family and friends of employees of the firm may be entitled to discounted or no fees.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedules.

Portfolio Management Fees: Our fees are based on the following schedule:

<i>Investment Advisor Representative</i>	<i>Maximum Annual Fee</i>
Peter Recchia	1.50%
Rita Diana Bunch	1.50%
Hally Dunn	1.00%
Christopher Gonzales	1.25%
Terrence Heafey	1.50%
Ryan Kavois	1.50%
Peter Steigerwald	1.35%
William Tasker	1.35%

*Legacy clients may be charged under a different fee schedule. Mr. Gonzales, Mr. Heafey, and Mr. Kavois offer flat fees to certain clients. Fees charged by Mr. Gonzales, Mr. Heafey, Mr. Kavois, Mr. Steigerwald, and Mr. Tasker are in addition to and on top of any sub-advisor fees charged.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedules stated above.

Clients may elect to deduct our fee directly from your account through the qualified custodian holding your funds and securities or mail us payment for the account fees. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Either party may terminate the portfolio management agreement within five days of the date of acceptance without penalty. However, you will incur a pro rata charge for services rendered prior to such termination, which means you will incur fees only in proportion to the number of days in the quarter for which you are a client. After the five-day period, either party may terminate the agreement by providing a 30-day written notice to the other party. If you have pre-paid fees that we have not yet earned, you will receive a prorated refund of those fees.

Certain accounts may be held and designated as "Administrative-Only" assets. In such cases we may elect to waive the advisory fee and charge an annual fee for reimbursement of administrative costs incurred by us. A maximum annual charge of \$75 may be charged in advance for the upcoming calendar year and at year end in the month of December. In certain situations, and at the firm's sole discretion, we may elect to waive the annual fee for reimbursement of administrative costs incurred by 4Wealth.

Other Fees and Expenses

Clients may pay fees and expenses in addition to the portfolio management fees paid to 4Wealth. You will incur transaction charges and/or brokerage fees when purchasing or selling securities, including mutual funds, exchange traded funds, equities, and options. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by our firm, broker-dealers and custodians.

Selection of Other Advisers

Payment for sub-adviser fees varies based on the sub-adviser selected. Some sub-advisers charge clients separately while others are paid for by 4Wealth out of your management fee. The advisory fee you pay to the money manager is established and payable in accordance with the brochure provided by each money manager to whom you are referred. However, the maximum annual fee will not exceed 2.00% of the portfolio value.

Our compensation may differ depending upon the individual agreement we have with each money manager. As such, a conflict of interest may arise where our firm or our Associated Persons may have an incentive to recommend one money manager over another money manager with whom we have more favorable compensation arrangements or other advisory programs offered by money managers with whom we have less or no compensation arrangements. To mitigate this conflict, we regularly review our client's portfolio, including those managed by other advisers. 4Wealth also performs oversight reviews of the sub-advisers utilized.

Pension Advisory Services

Typically, fees will be based on a percentage of the assets in the plan that ranges between 0.15% and 2.00% per annum, payable quarterly in advance or in arrears. For smaller plans, e.g., fewer than 20 participants, we will offer a fixed fee payment option and such fee will be negotiated on a case-by-case basis and clearly set forth in the advisory agreement. For fixed fees, we require a retainer of 50% of the initial estimate at the inception of the advisory relationship with the balance due on completion of the contracted services.

Financial Planning Services

Services are provided on either a fixed fee or hourly fee basis in accordance with the following fee schedule:

Fixed Fees: Fixed fees range between \$1,000 and \$5,000, depending upon whether one or more of the above services are provided. One-half of the estimated fee is payable at the inception of the advisory relationship with the balance due upon presentation of the written financial plan to the client.

Hourly Fees: Hourly fees range between \$150 and \$250, dependent on the Associated Person of our firm that is providing the advisory services. Such fees are applicable where you request specific consulting related services and/or modular financial planning services only. For modular planning, you shall pay an initial retainer at the inception of the advisory relationship with progress payments due at various milestones throughout the planning process. Any remaining balance shall be due and payable upon completion of the contracted services. For consulting services, hourly fees are due and payable on completion of the consulting session.

Portfolio Monitoring/Review Services

The amount of the fee and the fee-paying arrangements are based on either a percentage of plan assets, or our fixed rate or hourly rate as described above. Services to be provided and the anticipated fee range are detailed in the written advisory agreement.

Mutual Fund and Exchange Traded Fund Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. As a result of a recent SEC audit, 4Wealth identified clients that were invested in mutual fund share classes with 12b-1 fees. 4Wealth has since moved all client accounts to mutual fund share classes with the lowest fees available and reimbursed clients for 12b-1 fees paid during 2020. Going forward we review and ensure that all clients invested in share classes with the lowest total fees available. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities or Other Investment Products

Although Mr. Recchia does not earn commissions for the sale of securities products, certain other persons providing investment advice on behalf of our firm are registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a securities broker-dealer, and a member of the Financial Industry Regulatory

Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees for the sale or holding of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. Mr. Recchia, President of 4Wealth Advisors, Inc. and other persons associated with our firm are also associated with 4Wealth Insurance Group, LLC, a licensed insurance company, affiliated with our firm through common control and ownership. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person or entity affiliated with our firm.

Item 6 Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management.

Item 7 Types of Clients

We offer investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Generally, we require a minimum account size of \$25,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- *Charting Analysis* - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price

movements based on price patterns and trends.

- *Technical Analysis* - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- *Cyclical Analysis* - a type of technical analysis that involves evaluating recurring price patterns and trends.
- *Long Term Purchases* - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- *Short-Term Purchases* - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- *Short Sales* - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- *Margin Transactions* - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- *Option Writing* - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Risks of Methods of Analysis

Charting and Technical Analysis - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify

market tops or bottoms, or insulate clients from losses due to market corrections or declines. Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and clients should be prepared to bear the loss of assets invested. There can be no assurance that clients will achieve their investment objectives or that investments will be successful or profitable.

We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies and services are low risk or risk free.

The investment decisions made, and the actions taken for your accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. In addition, there is the risk of a force majeure event. This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of the adviser that may have an unknown and potentially catastrophic effect on the global markets.

Investors and advisory clients are urged to consult with their own independent legal and tax advisors before making any investment decisions. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular client account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which client accounts may invest.

Recommendation of Particular Types of Securities

As disclosed under the Advisory Business section in this Brochure, we primarily recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Margin: Buying on margin means borrowing money from a broker to purchase stock. Once the account is opened and operational, you can generally borrow up to 50% of the purchase price of a stock. This portion of the purchase price that you deposit is known as the initial margin. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it is known as a margin call. If for any reason you do not meet a margin call, the brokerage has the right to sell your securities to increase your account equity until you are above the maintenance margin. Additionally, your broker may not be required to consult you before selling. Under most margin agreements, a firm can sell your securities without waiting for you to meet the margin call and you cannot control which stock is sold to cover the margin call. You also have to pay the interest on your loan. The interest charges are applied to your account unless you decide to make payments. Over time, your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore, buying on margin is mainly used for short-term investments. The longer you hold an investment, the greater the return that is needed to break even. In volatile markets,

prices can fall very quickly. You can lose more money than you have invested.

Options: Options are complex securities that *involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital.* An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). Buyers pay fees to purchase these options but if the market does not change as anticipated, the option holder may decide not to exercise the options. The two types of options are calls and puts;

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

Short Sales: Short selling (also known as shorting or going short) is the practice of selling assets, usually securities, that have been borrowed from a third party (usually a broker) with the intention of buying identical assets back at a later date to return to the lender. It is a form of reverse trading.

Mathematically, it is equivalent to buying a "negative" amount of the assets. The short seller hopes to profit from a decline in the price of the assets between the sale and the repurchase, as the seller will pay less to buy the assets than the seller received on selling them will. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets. "Shorting" and "going short" also refer to entering into any derivative or other contract under which the investor profits from a fall in the value of an asset.

There are certain additional risks associated when investing in securities; including, but not limited to:

- **Market Risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Legal and Regulatory Risks:** The regulation of the U.S. and non-U.S. securities and futures markets investment funds continually undergo changes. The effect of such regulatory change on the accounts and/or the underlying investment funds, while impossible to predict, could be substantial and adverse.
- **Inflation Risk:** The Firm's portfolios face inflation risk, which results from the variation in the value of cash flows from a financial instrument due to inflation, as measured in terms of purchasing power.
- **Market or Interest Rate Risk:** The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Firm holds a fixed income security to maturity, the change in its price

before maturity may have little impact on the Firm portfolios' performance. However, if the Firm determines to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss.

- **Market Volatility:** The profitability of the portfolios substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.
- **Material Non-Public Information:** By reason of their responsibilities in connection with other activities of the Firm and/or its principals or employees, certain principals, or employees of the Firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm will not be free to act upon any such information. Due to these restrictions, the Firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.
- **Accuracy of Public Information:** The Firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates all such information and data and sometimes seeks independent corroboration when it is considered appropriate and reasonably available, the Firm is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.
- **Trading Limitations:** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Firm to liquidate positions and thereby expose the Client account to potential losses.

Item 9 Disciplinary Information

Our firm has been registered and providing investment advisory services since 2004. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer/Other Investment Adviser

Certain persons providing investment advice on behalf of our firm are registered representatives with PKS, a securities broker/dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. PKS is an unaffiliated firm to 4Wealth.

Terrance Heafey, Ryan Kavois and Christopher Gonzales, investment adviser representatives of our firm, are also investment adviser representatives of Brickwork Financial Planning, LTD ("Brickwork"), a registered

investment adviser. Mr. Heafey and Mr. Kavois are also owners of Brickwork. Clients of our firm may be referred to Brickwork for financial planning services where appropriate to do so. 4Wealth does not receive compensation for these referrals. 4Wealth clients who are interested in financial planning services may be referred to Brickwork but are not obligated to use Brickwork for their financial planning needs.

William Tasker and Peter Steigerwald, investment adviser representatives of our firm, are also investment adviser representatives of Retirement Income Management, Inc. ("RIMCO"), a registered investment adviser. Mr. Tasker is also one of the owners of RIMCO. Clients of our firm are not referred to RIMCO.

Insurance

We are affiliated with 4Wealth Insurance Group, LLC through common control and ownership. Therefore, persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. 4Wealth does not receive compensation for referring clients to 4Wealth Insurance Group, LLC. While 4Wealth or Brickwork may recommend insurance purchases to our clients, clients are not obligated to purchase any recommended insurance or annuity products through 4Wealth Insurance Group.

Accounting

Peter Recchia is affiliated with, and offers accounting related services through, 4Wealth CPAS, LLC, a full-service accounting firm located in Burr Ridge, Illinois. It is expected that clients of our firm may be referred to 4Wealth CPAS, LLC if they are in need to accounting services. Fees charged by 4Wealth CPAS, LLC are separate and distinct from the advisory fees charged by our firm. In addition, some clients utilize 4Wealth CPAs, LLC to provide payroll services for their businesses.

Conflict of Interest

4Wealth, our affiliates, and employees offer the services listed above separate from the services provided by 4Wealth. Recommending these services to our clients creates a conflict of interest. While we may recommend these services (financial planning, insurance, accounting, or payroll) to 4Wealth clients, our clients are not obligated to utilize any of these services and may take our recommendations to other service providers to implement.

Recommendation of Other Advisers

We may recommend that you use a third-party money manager ("money manager") based on your needs and suitability. We will receive compensation from the money manager for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the money manager. You are not obligated, contractually or otherwise, to use the services of any money manager we recommend.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is

to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure. We do not participate in principal trades nor do we recommend investments in companies significantly owned by our 4Wealth, our affiliates, or our employees.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor 4Wealth shall have priority over client accounts in the purchase or sale of securities. In addition, we require associated persons provide quarterly personal trading statements that we regularly review for potential trade practices that violate our Code of Ethics.

Item 12 Brokerage Practices

We recommend that you establish an account with a brokerage firm with which we have an existing relationship. Recommended brokerage firms provide benefits to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide best execution for our clients. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended brokerage firms, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. You may pay higher commissions and/or trading costs at our recommended brokerage firms, however, 4Wealth believes that the added value provided by these firms results in the best over-all value to our clients.

We participate 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/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. 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 including other services made available by TD Ameritrade that are intended to help us manage and further develop our business enterprise.

We receive economic benefits through 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; consulting services; access to a trading desk serving our participants; access to block trading(which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); 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 us by third party vendors.

TD Ameritrade also occasionally pays for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit us but may not, in all instances, directly benefit our client accounts.

The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we are required to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Under certain circumstances, instead of being charged transaction-based commissions by TD Ameritrade, you will be charged a periodic fixed fee (Asset-Based Fee "ABF"), based on a percentage of your account value. TD Ameritrade will provide full disclosure as to the fee structure and any future changes thereto.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Certain associated Persons of our firm are registered representatives of PKS, a FINRA member firm. PKS may clear securities transactions through one or more independent, qualified custodians. If clients elect to implement securities transactions through PKS and or its independent, qualified custodians, Associated Persons of our firm, who are licensed under PKS, are subject to various internal and industry rules that restrict them from conducting certain securities transactions away from PKS, unless PKS provides the representative with written authorization to do so. Implementation of securities transactions through such individuals may present a conflict of interest to the extent that Associated Persons of our firm receive commissions as registered representatives of PKS and/or as licensed insurance agents resulting from any securities or insurance transactions. If you have assets held with other qualified custodians, we may monitor assets and/or advise you on assets held outside TD Ameritrade, PKS, or its independent, qualified custodians. However, we will not be able to manage those assets on a continuous basis and you are responsible for implementing any such advice at your discretion. You should consider whether the

commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Block Trades

Where an opportunity to purchase or sell an investment is appropriate for more than one client, the firm aggregates client orders when doing so is likely to result in a better overall price or reduced cost for the client trade. Consistent with our fiduciary duties, the firm allocates trades to our clients on an equitable basis. If all investment orders placed for client accounts cannot be fully executed under prevailing market conditions, then the securities traded will be allocated among client accounts in a manner the firm deems to be equitable, taking into account the size of the order placed for each account and any other relevant factors. Client directed or other restrictions may affect the allocation of an order.

Item 13 Review of Accounts

Peter Recchia, President of 4Wealth® Advisors, Inc. or the Associated Persons assigned to your account will monitor your accounts on an ongoing basis, will conduct account reviews at least annually, and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews, however, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Item 14 Client Referrals and Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, certain persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with PKS, an unaffiliated, securities broker-dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

In addition, certain investment adviser representatives of our firm are also investment adviser representatives of Brickwork and RIMCO, which are registered investment advisers. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* and *Other Financial Industry Activities and Affiliations* sections in this brochure.

As disclosed in the *Fees and Compensation* section in this brochure, we may share in fees paid to third party money managers.

4Wealth does not pay compensation to employees or third parties for referring clients to 4Wealth. Please refer to the *Brokerage Practices* section in this brochure for disclosures on research and other benefits we may receive resulting from our relationship with recommended broker-dealers/custodians.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Asset Transfer Authority

Our firm or persons associated with our firm may affect third party asset transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct third party asset transfers has access to the client's assets, and therefore has custody of the clients' assets in any related accounts.

Trustee Services

Peter Recchia and Terrence Heafey, Associated Persons of 4Wealth Advisors, Inc., serve as trustees to certain accounts for which we provide investment advisory services. Peter Recchia and Terrence Heafey's capacity as trustees gives our firm custody over the advisory accounts for which the individuals serve as trustees. These accounts will be held with a bank, broker-dealer, or other qualified custodian. If 4Wealth Advisors, Inc. acts as trustee for any of your advisory accounts, you will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. You should carefully review account statements for accuracy.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

By signing the discretionary management agreement, power of attorney, and trading authorization forms, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

We do not vote proxies on behalf of your advisory accounts. We will respond to your questions relating

to proxy procedures and proposals; however, we generally do not research particular proxy proposals. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder. You may contact us with your questions about proxy voting or to request a copy of our proxy policy and procedures by using the contact information on the cover page of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

4Wealth Advisors, Inc does not have any financial commitments that impair our ability to meet contractual obligations to our clients. In 2020, 4Wealth participated in the Payroll Protection Program from the U.S. Small Business Administration ("SBA"). At the time of the application, 4Wealth determined that the results of the COVID-19 shelter in place orders and the volatility in the securities marketplace created significant economic uncertainty across the U.S. economy. As of the date of this filing, 4Wealth has received forgiveness of the loan.