



## **PathWise**

**2255 Contra Costa Blvd., Suite 207**

**Pleasant Hill, CA 94523**

**Phone: (925) 939-5607 | Fax: (925) 464-1214**

**[www.pathwise.co](http://www.pathwise.co)**

### **Form ADV Part 2A – Disclosure Brochure**

**March 21, 2023**

This Form ADV2A (“Disclosure Brochure”) provides information about the qualifications and business practices of PathWise. If you have any questions about the contents of this Disclosure Brochure, please contact us at (925) 939-5607.

PathWise is an SEC registered investment advisor located in the State of California. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about PathWise to assist you in determining whether to retain the Advisor.

Additional information about PathWise and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm or by our CRD# 174215.

## Item 2 – Material Changes

Regulatory rules require that we provide a summary of any material changes to this Brochure and any subsequent Brochures within 120 days of the close of our business's fiscal year. In addition, we will provide other ongoing disclosure information about material changes or an updated brochure when necessary.

The following material changes have been made to this Brochure since our last filing on March 16, 2022:

- We have updated Item 5 to accurately represent our fees for Personal CFO Services.
- We have updated Item 10 to remove any insurance affiliations.
- We have updated Item 12 to clarify that PathWise does not accept directed brokerage and does not have discretion to select a broker/custodian on behalf of clients. Rather, PathWise recommends a particular custodian to clients.

To view the current Disclosure Brochure anytime please go to SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or our firm CRD # **174215**. Please call us at (925) 939-5607 to obtain a copy of this Brochure.

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## Item 3 – Table of Contents

Form ADV Part 2A – Disclosure Brochure .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Services .....	4
Item 5 – Fees and Compensation.....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	10
Item 7 – Types of Clients .....	10
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....	11
Item 9 – Disciplinary Information.....	12
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
Item 12 – Brokerage Practices .....	14
Item 13 – Review of Accounts .....	15
Item 14 - Client Referrals and Other Compensation .....	16
Item 15 – Custody .....	17
Item 16 – Investment Discretion.....	18
Item 17 – Voting Client Securities .....	18
Item 18 – Financial Information .....	18
Form ADV Part 2B – Brochure Supplement .....	19
Form ADV Part 2B – Brochure Supplement .....	22

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## Item 4 – Advisory Services

### A. Firm Information

PathWise (the “Advisor”) is a registered investment advisor located in the State of California and become federally registered with the SEC as of June 14, 2021. PathWise was founded in December 2014 and is owned and operated by Chief Executive Officer and Chief Compliance Officer Ryan P. Wells and Chief Investment Officer Arek Puzia, CPA. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by PathWise.

### B. Advisory Services Offered

PathWise offers investment advisory services to individuals, high net worth individuals, pension plans in California and other states (each referred to as a “Client”).

#### Investment Management Services

PathWise provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and planning services. PathWise works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation. PathWise will then construct a portfolio, consisting of diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. Where appropriate the Advisor will also utilize individual stocks, bonds, and limited partnerships to meet the needs of its Clients.

PathWise’s investment strategy is primarily long-term focused, but where appropriate the Advisor will buy, sell, or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. PathWise will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

PathWise evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. On occasion and in meeting with the objectives, PathWise will recommend, redistributing investment allocations to diversify the portfolio. PathWise will recommend specific positions to increase sector or asset class weightings if appropriate for the portfolio. The Advisor shall recommend employing cash positions as a possible hedge against market movement. PathWise can recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

**Prior to rendering investment advisory services, PathWise will ascertain, in conjunction with the Client, the Client’s financial situation, risk tolerance, and investment objective[s].**

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PathWise will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will PathWise accept or maintain custody of a Client's funds or securities, except for the authorized deduction of the Advisor's fees.

All Client assets will be managed within their designated brokerage account[s] or pension account[s], pursuant to the Client investment advisory agreement.

#### Retirement Plan Advisory Services

PathWise offers retirement plan advisory services to pensions and other employee benefit plans, including but not limited to 401k plans, based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants.

#### Financial Planning Services

PathWise will typically provide a variety of financial planning services to individuals and families, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives, and financial situation.

Generally, such financial planning services will involve preparing a financial plan or render a financial consultation based on the Client's financial goals and objectives. This planning can encompass one or more areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for the Client will usually include general recommendations for a course of action or specific actions to be taken by the Client. For example, recommendations could be made that the Client start or revise their investment programs, commence, or alter retirement savings, establish education savings and/or charitable giving programs. PathWise could also refer Clients to an accountant, attorney, or another specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. The Advisor typically offers its Clients an ongoing financial planning engagement on a quarterly fee basis. Please see Item 5 for more details.

Financial planning recommendations can pose a potential conflict between the interests of the Advisor and the interests of the Client. For example, a recommendation to engage the Advisor for investment management services or to increase the level of investment assets with the Advisor would pose a conflict, as it would increase the advisory fees paid to the Advisor. Furthermore, it could be in our best interest not to recommend paying down debt that would directly reduce the Assets Under Management that we manage and charge a percentage fee for. We mitigate this conflict by providing an overall plan suitable and in the best interest of the client.

Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to affect the transaction through the Advisor.

#### Whenever we provide Financial Planning Services we shall:

1. Document the scope of work in an agreement.
2. Prepare a questionnaire to understand the client's needs.

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3. Conduct a reasonable level of due diligence when referring other professionals to the financial planning client.
4. Disclose any and all compensation methods we shall receive.
5. Conduct reasonable due diligence when recommending or using technologies when providing professional CFP® services to a client.
6. Periodically monitor the CFP Board's Code of Ethics and Standard of Conduct whenever FIRM makes a recommendation for the Financial Planning client to utilize the services of a third party as mentioned above, FIRM shall:
  - Have a reasonable basis for the recommendation or Engagement based on the person's reputation, experience, and qualifications.
  - Disclose to the Client, at the time of the recommendation or prior to the Engagement, any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to the CFP® professional, the CFP® Professional's Firm, or a Related Party for the recommendation or Engagement; and
  - When engaging a person to provide services for a Client, exercise reasonable care to protect the Client's interests.
7. When selecting or using and recommending technology FIRM shall document the due-diligence process which will include:
  - Exercising reasonable care and judgment when selecting, using, or recommending any software, digital advice tool, or other technology while providing Professional Services to a Client.
  - Having reasonable level of understanding of the assumptions and outcomes of the technology employed.
  - Having reasonable basis for believing that the technology produces reliable, objective, and appropriate outcomes.

The CFP® professionals of FIRM will also review the complete CFP Board Code of Ethics and Standards of Conduct and the Practice Standards to ensure proper implementation within the firm.

### **C. Client Account Management**

Prior to engaging PathWise to provide investment advisory services, each Client is required to enter into an investment advisory agreement with the Advisor that defines the terms, conditions, authority, and responsibilities of the Advisor and the Client. These services generally include:

- Establishing an Investment Policy Statement – PathWise, in connection with the Client, will assist in developing investment goals and objectives and the strategies to achieve those goals.
- Asset Allocation – PathWise will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client.
- Portfolio Construction – PathWise will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – PathWise will provide investment management and ongoing oversight of the Client's portfolio and overall account.

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#### D. Wrap Fee Programs

PathWise does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by PathWise.

#### E. Assets Under Management

As of December 31, 2022, PathWise manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$118,281,000
Non-Discretionary Assets	\$7,028,000
<b>Total</b>	<b>\$125,309,000</b>

#### F. Assets Under Advisement

As of December 31, 2022, PathWise advises the following assets:

Assets Under Advisement	Assets
Non-Discretionary	\$ 72,010,998

### Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall sign an investment advisory agreement that details the responsibilities of PathWise and the Client.

#### A. Fees for Advisory Services

The specific manner in which fees are charged is established in a client's written agreement. However, the general fee structures are outlined below. PathWise established the fee schedule below in 2021, some legacy clients may be paying a fee structure ranging from 1.25% to .75%.

##### Investment Management Services

Investment advisory fees will be paid quarterly in arrears pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value including accrued interest of assets under management at the end of each calendar quarter, and if the Client is engaged in additional advisory services. Investment advisory fees are based on the following schedule:

Assets Under Management	Annual Rate
\$0 to \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,001 and over	0.25%

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Fees are negotiable at the discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by PathWise will be independently valued by the designated custodian. PathWise will not have the authority or responsibility to value portfolio securities.

Similar services are available for a lower fee from other service providers.

#### Retirement Plan Advisory Services

Retirement plan advisory fees are paid quarterly in arrears pursuant to the terms of the investment advisory contract. Retirement plan advisory fees are based on the market value of assets under management not including accrued interest at the end of the quarter. Retirement plan advisory fee is at an annual rate of 0.50%.

#### Financial Planning Services

PathWise offers financial planning services on a fixed annual fee basis ranging from \$3,000 to \$5,000, depending on the nature and complexity of each Client's circumstances, the frequency of Client interactions, and other factors. Financial planning fees are negotiable at the sole discretion of the Advisor. The Advisor will provide the Client with an estimate of total costs prior to engaging the Advisor.

#### Personal CFO Service

PathWise offers Personal CFO Services on a fixed annual fee basis ranging from \$10,000 to \$30,000, depending on the nature and financial complexity of Client's circumstances, gross income, net worth, and other factors. The client will receive an agreement indicated the annual fixed fee amount which will be paid quarterly in arrears. The annual fixed fee, Client gross income, Client net worth, and the nature and financial complexity of Client's circumstances shall be reevaluated by both PathWise and Client biennially, with the first such reevaluation scheduled for two years from the effective date of this Agreement. At such reevaluation, PathWise and Client shall mutually agree to an annual fixed fee, Client gross income, and Client net worth. If Client's financial situation materially changes between biennial reevaluations, PathWise reserves the right to renegotiate the annual fixed fee with Client, and Client agrees to cooperate with PathWise in such respect in good faith.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

### **B. Fee Billing**

#### Investment Management and Retirement Plan Advisory Services

Investment advisory fees will either be automatically deducted from the Client account[s] by the custodian or paid directly by the Client upon receipt of an invoice for services. For Clients agreeing to have their advisory fees directly deducted, the Advisor shall send an invoice to the custodian indicating the amount of the fees to be deducted from the Client account[s] at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with PathWise at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the custodian reflecting the deduction of the investment advisory fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on

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the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting PathWise to be paid directly from their accounts held by the custodian as part of the investment advisory agreement and separate account forms provided by the custodian.

#### Financial Planning and Personal CFO Service

Financial planning and Personal CFO Service fees are invoiced quarterly in arrears and are due upon receipt of invoice.

### **C. Other Fees and Expenses**

Clients will generally incur certain fees or charges imposed by third parties, other than PathWise, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The investment advisory fee charged by PathWise is separate and distinct from these custodian and execution fees.

In addition, all fees paid to PathWise for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage, and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of PathWise, but would not receive the services provided by PathWise which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by PathWise to fully understand the total fees to be paid.

PathWise is not paid any portion of these third-party fees.

### **D. Fees and Termination**

#### Proration of Fees

#### Investment Management Services

PathWise is compensated for its services in arrears of the quarter in which investment advisory services are rendered. Either party can terminate the investment advisory agreement with PathWise, at any time, by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter if the client has paid in advance. If services are paid in arrears, the fee will be prorated to the date of termination. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's written approval.

#### Retirement Plan Advisory Services

The Advisor can terminate the agreement upon providing thirty (30) days prior written notice to the Client, and the Client can terminate upon providing seven (7) days prior written notice to the Advisor. Termination of the agreement will not result in any penalty, accrued rights, or existing commitments.

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### Financial Planning and Personal CFO Service

PathWise offers financial planning and a Personal CFO Service as a perpetual engagement. Financial planning and Personal CFO agreements intended as perpetual will be ongoing in nature and continue until terminated by either party. Either party can terminate a planning or Personal CFO Service agreement at any time by providing written notice to the other party. In addition, the Client can terminate the agreement within five (5) business days of signing the Advisor's financial planning or Personal CFO agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid fees if applicable for services paid in advance. If services are paid in arrears, the fee will be prorated to the date of termination. The Client shall be responsible for all unpaid fees up to and including the effective date of termination. A prorated invoice shall be provided, and the prorated amount will be immediately deducted from the client's account or be billed and shall be paid immediately upon receipt.

At the discretion of PathWise from time to time all earned fees may be waived and all upon termination. All the fee schedules and fee calculations are outlined in the client's agreement and may differ from the fees discussed here.

### **E. Compensation for Sales of Securities**

PathWise does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

PathWise does not charge performance-based fees for its investment advisory services. The fees charged by PathWise are as described in "Item 5 – Fees and Compensation" above and are not based upon the capital appreciation of the funds or securities held by any Client.

PathWise does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

PathWise provides investment advisory services to individuals, high net worth individuals, and pension plans. PathWise does not impose any account minimum.

Employee benefit plans which select PathWise to provide investment advisory services should be aware that the Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries could retain investment advisers for various types of services with respect to Plan assets. For certain services, PathWise will be considered a fiduciary under ERISA. For example, PathWise will act as a fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants could select. Also, to the extent that the Plan Fiduciaries retain PathWise to act as an investment manager within the meaning of ERISA § 3(38), PathWise will provide discretionary investment management services to the Plan.

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## **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**

### **A. Methods of Analysis**

PathWise primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from PathWise are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

PathWise could also employ technical analysis, which is the attempt to predict future prices based on the analysis and trends of historical market data.

PathWise could also base its investments around the modern portfolio theory as a formal investment selection process. This theory attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

As noted above, PathWise generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. PathWise will typically hold all or a portion of a security for more than a year but could hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, PathWise could also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector, or asset class.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities could fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. PathWise will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that could indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis could lose value and could have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Technical analysis seeks to predict future prices or direction of an investments value based on market trends. A risk of technical analysis methods is that the market does not always follow patterns and relying solely on this method could not work longer term. As such, the Advisor does not solely rely on this method.

Modern portfolio theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk.

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The exact trade-off will be the same of all investors, but different investors will evaluate the trade-off differently based on the individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better than expected returns.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that could affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

#### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and could have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that could carry higher risks. The client should only have a portion of their assets in these investments.

#### Cybersecurity:

The technology systems of the firm and the respective service providers could be vulnerable to inadvertent or deliberate interruption and consequent damage from technical or human sources. In addition to natural catastrophes, service/power outages, and network or telecommunication failures, security breaches and intrusion by unauthorized persons could result in damage, disruption, and theft of data, including investor information. PathWise has implemented cybersecurity procedures meant to address these risks. Nevertheless, given the fundamental dependence on technology, a cyber-attack or similar technology disruption could have a material adverse impact on Clients and investments. Additionally, there are inherent limitations in cybersecurity policies and procedures and controls including the possibility that certain risks have not been identified. PathWise has limited due diligence and risk assessments of third-party providers. However, PathWise is not able to control the cybersecurity plans, breach notifications, incident response plans and controls put in place by other services providers and/or the issuers in which the client invest. It is in the client's best interest to monitor all of their accounts on a regular basis and stay informed to cybersecurity best practices.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## **Item 9 – Disciplinary Information**

**There are no legal, regulatory, or disciplinary events involving PathWise or any of its employees.** PathWise and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on

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the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by the firm name or the firm CRD# **174215**. This will provide access to Form ADV Parts 1 and 2. Item 11 of the Form ADV Part 1 lists legal and disciplinary disclosure questions.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Mr. Puzia is a Professor at Diablo Valley College, California. Mr. Puzia spends approximately 25 hours a month and less than 1 hour a day during trading hours as a Professor. Mr. Puzia teaches Financial Accounting and Managerial Accounting.

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

### **A. Code of Ethics**

PathWise has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all Supervised Persons associated with PathWise. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. PathWise and its personnel owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of PathWise associates to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code of Ethics, please contact us at (925) 939-5607

### **B. Personal Trading with Material Interest**

PathWise allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. PathWise does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. PathWise does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

PathWise allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities, we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons with access to Client account information (our "Access Persons") of PathWise may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by PathWise requiring reporting of personal securities trades by its Access Persons. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

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#### **D. Personal Trading at Same Time as Client**

While PathWise allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will PathWise, or any Supervised Persons of PathWise, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

#### **A. Recommendation of Custodian[s]**

PathWise does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. PathWise will recommend the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and Client will authorize PathWise to direct trades to this custodian as agreed in the investment advisory agreement. Further, PathWise does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

PathWise will recommend a custodian based on criteria such as, but not limited to, the reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. PathWise does not receive research services, other products, or compensation as a result of recommending a particular broker that results in the Client paying higher commissions than those obtainable through other brokers.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **PathWise does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

**2. Brokerage Referrals** - PathWise does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** – PathWise will not accept directed brokerage arrangements and will require any Clients of PathWise to utilize the recommended custodian – TD Ameritrade.

PathWise recommends that the clients direct us to use TD Ameritrade (Charles Schwab) as the custodian/brokerdealer that PathWise has an established operational process with.

**4. Benefits** - PathWise receives benefits when the client's assets are custodied and specific Custodians/BrokerDealers. PathWise receives a discount on research provided by a specific mutual fund due to the size of the investment in the fund by clients of PathWise. These benefits would not be provided to PathWise. The benefits include research, access to institutional trading, operations services, and compliance tools, which are typically not available to retail investors.

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## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) the skill required of the broker. PathWise will execute its transactions through an unaffiliated broker-dealer selected by the Client. Where possible PathWise will aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial reallocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## **Item 13 – Review of Accounts**

### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by Mr. Wells and Mr. Puzia. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Clients can request reviews more or less frequently. Accounts are reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify PathWise if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. PathWise will reach out to clients, at least annually to see if their objectives have changed.

Additional reviews could be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

At all times the staff of PathWise will take note of any changes in behavior or transactions by any client that might cause suspicion of cognitive function or potential exposure to fraud. As with all clients of the firm, only suitable investments will be recommended and executed. Any statements provided by the custodian should be compared to any reports that may be periodically provided by PathWise. Slight variations in price and value may occur between the two reports based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If clients have a question regarding their statement or if they have not received a statement from their custodian, they should contact us or the custodian directly.

In the event the firm is suspicious of any abuse or strange behavior, the firm will report to the Elder Abuse Hotline or other law enforcement or regulators and may not process a withdrawal or investment request. If the client wishes they may also name a trusted contact that the advisor can contact on the client's behalf in case

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of diminished capacity or suspected Fraud. Please contact the firm to obtain documentation to add a trusted contact.

## **Item 14 - Client Referrals and Other Compensation**

### **A. Compensation Received by PathWise**

#### Participation in Institutional Advisor Platform

The Advisor participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisory services, which include custody of securities, trade execution, clearance, and settlement of transactions. The Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, the Advisor participates in TD Ameritrade’s Program, and the Advisor will recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor’s participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its 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 the Advisor 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 the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor’s related persons. Some of the products and services made available by TD Ameritrade through the program will benefit the Advisor but may not benefit its Client accounts. These products or services assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first.

Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a conflict of interest and could indirectly influence the Advisor’s choice of TD Ameritrade for custody and brokerage services.

TD Ameritrade has been acquired by Charles Schwab & Co. Inc. Any reference made to TD Ameritrade will ultimately apply to Charles Schwab once the acquisition implementation and transfer is complete.

#### Accounting and Tax Services/Insurance Services

The Advisor may also recommend Accounting, Tax Services, Insurance, and other services to non-affiliated third parties. The client is under no obligation to engage with the non-affiliated third parties and will generally enter

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into a written engagement or agreement directly with the third party and be billed directly by the third party. In some cases, the Advisor will pay the fee directly to the third party as part of the services being provided. In those cases, the client will still engage directly with the third-party provider directly. One of the Accounting and Tax Services providers is Marta Puzia the spouse of Arek Puzia. The recommendation by the firm or Arek to utilize the services of Marta Puzia can be considered a conflict of interest. Neither Arek Puzia nor PathWise receives any direct compensation for the referral to Marta Puzia. The client will enter into a direct engagement with Marta Puzia. Generally, Marta Puzia will invoice the clients directly. However, as stated above, some client's invoices may be paid by PathWise based on their arrangement with PathWise. The clients are not obligated to use the services of Marta Puzia or that of any third-party service provider recommended to them.

## **B. Client Referrals from Solicitors**

PathWise does not engage paid solicitors for Client referrals.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

Other ways we may be deemed to have custody over your assets, requiring us to have an annual surprise audit by an unaffiliated third party CPA firm include the following (Not an exhaustive list):

1. Standing Letters of Authorization (SLOA) allowing us to change the frequency and the amount of the money movement from your account to a third party, but not the accounts involved if any of the seven conditions were not met. The seven conditions are outlined in the February 21, 2017 No Action Letter between the Investment Adviser Association and the U.S. Securities and Exchange Commission and can be found here: <https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm>
2. Bill Paying Services or Check Writing Authority. When a registered investment advisory firm has the ability to pay the client's bills or write checks directly from their financial accounts.
3. Your online login access to your financial accounts. Any of your personal login access to your financial accounts that allows us the ability to move money anywhere, change your address or contact information without your authorization. We advise you to never share this information with us.
4. When one or more of our related persons either serve as trustees for the account or have signatory authority over the account. The qualified unaffiliated Custodian would hold the funds for these clients, and the accounts will be subject to an annual surprise audit by an independent accountant in accordance with the custody rules under the Investment Advisor Act.

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We currently do not have any form of custody that requires an annual surprise audit. If we shall ever have such custody we shall disclose in our ADV and engage with an unaffiliated third party CPA firm to conduct the annual surprise audit.

## **Item 16 – Investment Discretion**

PathWise generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by PathWise. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by PathWise will be in accordance with each Client's investment objectives and goals.

## **Item 17 – Voting Client Securities**

PathWise does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies. However, the Client retains the sole responsibility for proxy decisions and voting. The clients will receive the proxy voting materials directly from the issuer and the determination of whom shall vote the proxies is determined on the custodial documentation and our agreement with the clients.

## **Item 18 – Financial Information**

Neither PathWise nor its management, have any adverse financial situations that would reasonably impair the ability of PathWise to meet all obligations to its Clients. Neither PathWise nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. PathWise is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

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**Form ADV Part 2B – Brochure Supplement  
for**

**Ryan P. Wells  
Chief Executive Officer and Chief Compliance Officer**

**March 21, 2023**

This Form ADV2B (“Brochure Supplement”) provides information about the background and qualifications of Ryan P. Wells (CRD# **4568402**) in addition to the information contained in the PathWise (the “Advisor”) (CRD# 174215) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the PathWise Disclosure Brochure or this Brochure Supplement, please contact us at (925) 939-5607.

Additional information about Mr. Wells is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Educational Background and Business Experience

Ryan Wells, born in 1981, is dedicated to advising Clients of PathWise in his role as the Chief Executive Officer and Chief Compliance Officer of PathWise. Mr. Wells has no post-secondary education experience. Mr. Wells obtained the Series 65 License 09/20/2004

The Series 65 License

The NASAA Investment Adviser Law Examination is a Northern American Securities Administrators Association (NASAA) exam administered by FINRA. The exam consists of 130 scored questions. Candidates have 180 minutes to complete the exam. In order for a candidate to pass the Series 65 exam, they must correctly answer 94 of the 130 scored questions. [For additional information about this exam, including the content outline, please visit the exams page on the NASAA website.](#)

Additional information regarding Mr. Wells' employment history is included below.

### Employment History:

Chief Executive Officer and Chief Compliance Officer, PathWise	11/2014 to Present
CEO & CCO, Acclaro Wealth Management, LLC	03/2012 to 03/2015
Registered Representative, LPL Financial LLC (Linsco/Private Ledger)	06/2007 to 08/2013
Registered Representative, MML Investor Services, Inc.	07/2002 to 06/2007
Agent, Mass Mutual Life Insurance	07/2002 to 06/2007

## Item 3 – Disciplinary Information

***There are no legal, civil, or disciplinary events to disclose regarding Mr. Wells.*** Mr. Wells has never been involved in any regulatory, civil, or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Wells.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair, or unethical practices. ***As previously noted, there are no legal, civil, or disciplinary events to disclose regarding Mr. Wells.***

However, we do encourage you to independently view the background of Mr. Wells on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by his name or his CRD# **4568402**.

## Item 4 – Other Business Activities

Ryan Wells does not engage in any outside business activity.

## Item 5 – Additional Compensation

Mr. Wells does not receive additional compensation or an economic benefit for providing advisory services, generally describe the arrangement.

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## **Item 6 – Supervision**

Mr. Wells serves as the Chief Executive Officer and Chief Compliance Officer of PathWise and does not report to any other individual. Mr. Wells can be reached at (925) 939-5607.

PathWise has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of PathWise. Further, PathWise is subject to regulatory oversight by various agencies. These agencies require registration by PathWise and its employees. As a registered entity, PathWise is subject to examinations by regulators, which may be announced or unannounced. PathWise is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

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**Form ADV Part 2B – Brochure Supplement**  
for

**Arek D. Puzia, CPA**  
**Chief Investment Officer**

**March 21, 2023**

This Form ADV2B (“Brochure Supplement”) provides information about the background and qualifications of Arek D. Puzia (CRD# **5706618**) in addition to the information contained in the PathWise (the “Advisor”) (CRD# 174215) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the PathWise Disclosure Brochure or this Brochure Supplement, please contact us at (925) 939-5607.

Additional information about Mr. Puzia is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Educational Background and Business Experience

Arek Puzia, CPA, CFP® born in 1981, is dedicated to advising Clients of PathWise in his role as the Chief Investment Officer of PathWise. Mr. Puzia earned an MBA in Business Administration from the University of Chicago in 2010. Mr. Puzia also earned a Bachelor of Arts Business in Economics from the University of California, Los Angeles in 2005.

Additional information regarding Mr. Puzia’s employment history is included below.

### Employment History:

Chief Investment Officer, PathWise Wealth Partners, LLC	11/2014 to Present
Valuation Manager, Crowe Horwath LLP	11/2013 to 11/2015
Registered Representative, Acclaro Wealth Management	01/2012 to 03/2015
Investment Banking Associate, GCA Savvian Advisors, LLC	10/2010 to 01/2012
Global Market Associate, Merrill Lynch, Pierce, Fenner & Smith Incorporated	08/2009 to 10/2010

### Designations

Mr. Puzia earned his CPA on 01/26/2016 and a Certified Financial Planner designation on 08/24/2016 and a Series 65 on 09/27/2013

### Certified Public Accountant (“CPA”)

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own.

### Personal Financial Specialist –PFS

The PFS credential demonstrates an individual has met the minimum education, experience, and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA.

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A PFS credential holder is required to adhere to AICPA's Code of Professional Conduct and is encouraged to follow AICPA's Statement on Responsibilities in Financial Planning Practice.

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

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

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

**Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor's degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

**Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.

**Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

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

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

**Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

**Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

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

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## The Series 65 License

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### Item 3 – Disciplinary Information

***There are no legal, civil, or disciplinary events to disclose regarding Mr. Puzia.*** Mr. Puzia has never been involved in any regulatory, civil, or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Puzia.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair, or unethical practices. ***As previously noted, there are no legal, civil, or disciplinary events to disclose regarding Mr. Puzia.***

However, we do encourage you to independently view the background of Mr. Puzia on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by his name or individual CRD # **5706618**.

### Item 4 – Other Business Activities

Mr. Puzia is a Professor at Diablo Valley College, California. Mr. Puzia spends approximately 25 hours a month and less than 1 hour a day during trading hours as a Professor. Mr. Puzia teaches Financial Accounting and Managerial Accounting.

### Item 5 – Additional Compensation

Mr. Puzia is dedicated to the investment advisory activities of PathWise's Clients. Mr. Puzia does not receive any additional forms of compensation except as referenced in Item 4.

### Item 6 – Supervision

Mr. Puzia serves as the Chief Investment Officer of PathWise and is supervised by Ryan Wells, the Chief Compliance Officer. Ryan Wells can be reached at (925) 939-5607.

PathWise has implemented a Code of Ethics and internal compliance that guide each employee in meeting their fiduciary obligations to Clients of PathWise. Further, PathWise is subject to regulatory oversight by various agencies. These agencies require registration by PathWise and its employees. As a registered entity, PathWise is subject to examinations by regulators, which may be announced or unannounced. PathWise is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

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