

# Grape Modern Wealth Management Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Grape Modern Wealth Management. If you have any questions about the contents of this brochure, please contact us at (951) 500-5730 or by email at: [alexander.e.newman@gmail.com](mailto:alexander.e.newman@gmail.com). 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 Grape Modern Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Grape Modern Wealth Management's CRD number is: 319261.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Grape Modern Wealth Management on 03/15/2024 are described below. Material changes relate to Grape Modern Wealth Management's policies, practices or conflicts of interests only.

- Firm has updated its Outside Business Activity. (Item 9.A)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Grape Modern Wealth Management (hereinafter "GMWM") provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

Total Assets Under Management	Annual Fees
Up to \$1,000,000	2.00%
Over \$1,000,000	1.00%

For accounts which only hold cash the annual fee is .50%.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. There is a minimum \$2,000 per year fee requirement.

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization.

When advisory fees are deducted directly from client accounts at client's custodian, GMWM will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, GMWM will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from GMWM.

Fees are paid in advance. The advisory fee is calculated using the value of the assets on the last business day of the prior billing period. Refunds for any fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to

the client via check or return deposit back into the client's account. For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Clients may terminate the agreement without penalty, for full refund of GMWM's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

## **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

## **C. Additional Fees**

GMWM will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. GMWM will charge clients one fee and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that GMWM has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with "step out" transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **D. Compensation of Client Participation**

Neither GMWM, nor any representatives of GMWM receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, GMWM may have a financial incentive to recommend the wrap fee program to clients.

## Item 5: Types of Clients

GMWM generally offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

There is no account minimum.

## Item 6: Portfolio Manager Selection and Evaluation

### A. Selecting/Reviewing Portfolio Managers

GMWM will not select outside portfolio managers for management of this wrap fee program. GMWM will be the sole portfolio manager for this wrap fee program.

GMWM will use industry standards to calculate portfolio manager performance.

GMWM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is monthly and is reviewed by GMWM.

### B. Related Persons

GMWM and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses GMWM's management of the wrap fee program. However, GMWM addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### C. Advisory Business

GMWM offers ongoing wrap fee portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. GMWM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Determine investment strategy
- Asset allocation
- Assessment of risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

GMWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

GMWM will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. GMWM will charge clients one fee and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that GMWM has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, GMWM will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Services Limited to Specific Types of Investments***

GMWM generally limits its investment advice to equities, fixed income securities, ETFs, and Commodities. GMWM may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

GMWM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, GMWM sponsors and acts as portfolio manager for this wrap fee program. GMWM manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to GMWM as a management fee.

## *Amounts Under Management*

GMWM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 25,344,103.00	\$ 0.00	December 2023

## *Performance-Based Fees and Side-By-Side Management*

GMWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## *Methods of Analysis and Investment Strategies*

### Methods of Analysis

GMWM's methods of analysis include fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

### Investment Strategies

GMWM uses/recommends long term investing.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

## *Material Risks Involved*

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### Methods of Analysis

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### Investment Strategies

**Long term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the



investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Risks of Specific Securities Utilized***

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity,

supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Voting Client Securities (Proxy Voting)***

GMWM acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. GMWM will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. GMWM may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, GMWM may vote in a manner that is contrary to the general guidelines if it believes that it is doing so would be in a client's best interest. If a proxy proposal presents a conflict of interest between GMWM and a client, then GMWM will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting GMWM in writing and requesting such information. Each client may also request, by contacting GMWM in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period.

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

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

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

GMWM does not restrict clients from contacting portfolio managers. GMWM's representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### *Criminal or Civil Actions*

There are no criminal or civil actions to report.

#### *Administrative Proceedings*

There are no administrative proceedings to report.

#### *Self-Regulatory Organization (SRO) Proceedings*

There are no self-regulatory organization proceedings to report.

#### *Registration as a Broker/Dealer or Broker/Dealer Representative*

Neither GMWM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

#### *Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor*

Neither GMWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

#### *Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests*

Alexander Elliott Newman created Retire Temecula, a social group for retirees to connect. The social group is not investment related. However, individuals of the social group may become advisory clients.

Alexander Elliott Newman is a president Temecula Valley Retirement Education Foundation Corp.

Alex Newman, an agent at Annuities and Life Insurance, provides insurance solutions when needed. He devotes 5 hours per month during trading hours to the business, expecting 10% of his yearly compensation to be derived from it.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

GMWM does not select third-party investment advisers.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

GMWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. GMWM's Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

GMWM does not recommend that clients buy or sell any security in which GMWM, or a related person has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of GMWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of GMWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. GMWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of GMWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of GMWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients.

Such transactions may create a conflict of interest; however, GMWM will never engage in trading that operates to the client's disadvantage if representatives of GMWM buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least monthly by Alexander Elliott Newman, CEO, with regard to clients' respective investment policies and risk tolerance levels.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive a quarterly account statement from the custodian. GMWM will also provide at least monthly a separate written report to the client.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

GMWM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to GMWM clients.

GMWM will recommend clients to use Altruist.

While GMWM has no formal soft dollars program in which soft dollars are used to pay for third party services, GMWM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). GMWM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and GMWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. GMWM benefits by not having to produce or pay for the research, products or services, and GMWM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that GMWM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***Compensation to Non - Advisory Personnel for Client Referrals***

GMWM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

GMWM neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither GMWM nor its management has any financial condition that is likely to reasonably impair GMWM's ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

GMWM has not been the subject of a bankruptcy petition.

**Item 10: Requirements For State Registered Advisers**

Please see the *"Recommendations Involving Material Financial Interests"* and *"Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests"* sections above.