

Item 1: Cover Page

Wallace Investments

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Form ADV Part 2A

January 19, 2019

This brochure provides information about the qualifications and business practices of Wallace Investments. If you have any questions about the contents of this brochure, please contact us on (917) 916-9545 or by email at k.michael@wallaceinvestment.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Wallace Investments is available on Brokercheck.com and SEC's website at www.adviserinfo.sec.gov.

While the firm and its associates may be registered with the State Administrator of New York, that registration does not imply an endorsement by the State Administrator of New York, nor imply a certain level of skill or training.

Item 2 --- Material Changes

Material Changes Since Last Update

The Material Changes section of this brochure will be updated annually and when material changes occur.

Full Brochure Available

For a copy of our Firm Brochure, please contact us by telephone on (917) 916-9545 or by email at k.michael@wallaceinvestment.com

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Important Note: Throughout this document, Wallace Investments may be referred to by the following terms: "Wallace Investments" "the firm," "we," "us," or "our." The client or prospective client may be referred to as: "client" "you," "your," etc. This brochure contains 20 pages and should not

be considered complete without all pages.

Item 4 --- Advisory Business

About Our Firm

Welcome to Wallace Investments, for more than 32 years, Wallace Investments has specialized in providing our clients a higher income from their 401k, IRA and other investment accounts by using our proprietary investing approach which has consistently outperformed most hedge funds as reported by Barclays hedge fund report ...“see our 2018 financial report” K. Michael is also an active Real Estate investor and teaches classes on how to buy Real Estate “no money down and no credit. The first step that our clients take with Wallace Investments is to fill out our “Financial Planning Questionnaire” so we can determine the best way to invest your money which will give you the highest return with the least risk...Wallace Investments has served as a trusted partner of individuals and families wishing to protect and grow their assets. We pride ourselves on our individualized approach to helping individuals and families with Financial Planning with a focus on Income Replacement, Mortgage Protection, College Education Funding, Retirement Planning, Investments and Asset management as well as our commitment to putting our clients’ interests first and foremost.

As of December 31, 2018, Wallace Investments managed **\$12,000,000** in discretionary assets under management (AUM). We have been in business since October 1987 and have offices in New York, Zagreb Croatia and Bangkok Thailand. The firm is registered as an investment advisor with the State Administrator of New York.

Our Mission

At Wallace Investments, we believe in a holistic approach. We aim to simplify your financial life, optimize your investments, and organize your personal financial planning. We work individually with you, to help develop a tailored and cost-efficient plan that is right for your particular circumstances to help you achieve your most important financial goals. Movement in each piece of your financial plan can impact the other pieces, so we consider all your goals as a whole. For example, your retirement strategies can impact your collegesavings for your children as well as your estate planning goals. We believe that the appropriate allocation of investments for your objectives and risk tolerance - and the time frame for when you need your money - are some of the most important components in developing an investment portfolio. **Through a well-planned, diversified approach to wealth building, we aim to give you peace of mind, freedom, and security.**

Fundamental Principles

We advocate a measured and prudent strategy, a balancing of risk and return that is appropriate for your own situation. Our investment philosophy centers on the fact that markets do not always rise, nor do they fall forever. We do not chase the highest returns nor do we aim to catch the top or the bottom of the market. We generally use our proprietary investing approach as well as a combination of low-cost ETFs and a select group of actively and passively managed mutual funds.

Using an institutional method of liability-driven investing and broad diversification, **we guide our clients to invest according to their own *specific time frame*** - when they need to use the assets. That then drives investment choices. We fully customize portfolios based on each client's needs. We work with your accountant to overlay those investments to achieve optimal tax management, because the bottom line is what you keep. That helps our clients sleep at night.

We keep in mind certain principles when designing an investment portfolio. The purpose is usually to fund current and future financial objectives, so each portfolio must take into account your goals, tolerance for risk, need for current income or liquidity, and many other considerations such as income and estate taxes. A main objective is to reduce risk through matching your liabilities - your expenses - with the appropriate investments.

It's important to remember that no one can predict the future. In fact, it's the difference of opinion that makes a market. Investment and economic experts, each one provided with the same information, often come to different conclusions. We do not suggest that we, nor any of the asset managers that we recommend, will make the correct decision every time. We do believe that studying the historic trends and relationships of investment classes can provide valuable insight. We look at decades of market data, Nobel-Prize-winning academic and company research, and the latest discoveries in behavioral finance. To achieve diversification that reduces risk, we recommend allocating assets among stocks, bonds, and real estate, commodities and other alternative investments as well as cash on occasion. Stocks are diversified further among different sized companies, and among U.S. and international, in both developed and developing economies. We follow a disciplined strategy through both the ups and downs of the financial markets. Many studies have shown that trying to "time" the market by chasing yield or running from losses is not beneficial over the long run.

We hold ourselves to a fiduciary standard, which means our firm and its associates act in the utmost good faith in what we believe is in the best interest of our clients. As fiduciary investment advisors, we are legally required to put you - our client - first. We believe this sets us apart from other types of firms that may be held to perhaps lesser a “suitability” standard and may not be required under current regulation to place clients’ interests ahead of their own.

Principal Owners

K. Michael Wallace, CEO, Founder and Principal, is 100% owner of Wallace Investments. Mr. Wallace is also the firm’s managing member, Chief Compliance Officer, and designated principal (supervisor).

Types of Advisory Services

Wallace Investments provides investment management combined with financial planning services.

Investment Management Services

We begin our relationship with a Discovery Meeting to learn more about you. We ask questions about your goals, your family, your history with money, current situation, and your worries and concerns; we aim to help you plot out timelines for your goals and discuss how best to get there. We typically provide our Investment Management Services on a discretionary basis, under a discretionary authority agreement (defined in Item 16), which means we select your investments and execute trades in your account that we believe are right for you based on our mutually agreed Investment Policy Statement and our discussions of your goals and a variety of other factors including your specific objectives and market conditions. Our investment management services include the following:

- Investment strategy,
- Holistic financial planning,
- Asset allocation,
- Investment selection,
- Real Estate analysis,
- Insurance planning,
- Asset location for tax efficiency,
- Regular and continuous portfolio monitoring.

We help prepare an Investment Policy Statement to reflect your investment objectives, time horizon, tolerance for risk, as well as any constraints or restrictions involving certain types of securities. The Investment Policy Statement is designed to be specific enough to provide future guidance while

concurrently allowing flexibility to respond to changing market conditions.

Financial Planning Services

We believe that solid planning is imperative for a successful financial future and that planning should drive the selection, allocation, and class of investments chosen for each client. For this reason, detailed financial planning is included in the services we provide to all of our investment management clients. As part of our financial planning, we provide advice on cash flow, retirement savings, retirement income planning, college funding, real estate analysis, risk management, estate planning, adequate insurance coverage and other specific issues you may request.

Very occasionally we provide separate stand-alone financial planning services for a flat fee; we give you a report with recommendations and other deliverables as specified in our written agreement.

We offer our services for those in situations such as:

- **Newly Single or in Transition** - Managing your finances after a major emotional life change, such as divorce or losing a spouse, can be overwhelming. We can help you sort out your financial life during difficult emotional times. We aim to educate about personal finance topics as well as help you explore the many details of planning, investing, tax implications and so on.
- **Nearing Retirement** - It takes significant planning to arrange your finances so you can retire when you want, with the lifestyle you want. We analyze issues such as the earliest age you can retire and the maximum you can spend without outliving your assets. We prefer the term “financial independence” over “retirement” because it’s often not a full-stop to work but a transition to a different kind of work. We provide a roadmap for those in retirement and those planning to retire.
- **College Bound** - Many of our clients are focused on funding high school and college for their children or grandchildren, beginning either at birth or later on. Choosing the right vehicle for savings is important from a tax standpoint, and the wrong choice can limit future college financial aid. We can provide the answers to many of your college-related financial planning questions.
- **Seeking Retirement Income** - After you have accumulated enough assets to comfortably leave your primary career behind, you may need help in turning those assets into a recurring revenue stream. It can be a puzzle to determine strategies for tax efficiencies in the drawdown phases. You may want help in determining how much you can comfortably spend, and which accounts to tap into first. We can calculate a plan for a sustainable withdrawal schedule and that will put you on the path to enjoying your life.
- **Investment Risk Averse** - We help determine your risk profile so you do not take any more risk than is necessary to reach your goals, nor be too safe and risk running out of money. This is often based on *when* you need your money for different goals, and matching the timing of those liabilities with the appropriate investments.
- **Insurance (Income & Property Preservation)** - We help determine whether you have adequate insurance in case of death or incapacity, to protect your property from a catastrophe, protect against lawsuits, and provide for long-term care expenses.

- **Estate & Legacy Planning** - We help ensure that you are able to provide for your heirs and charities and make it easier for them to sort out your affairs after you're gone. With advance planning, we can help reduce amounts subject to estate taxes and advise on the correct legal structures to efficiently distribute your assets. We work hand-in-hand with your lawyers and CPAs or you can also use the advice of our Lawyers and CPAs.

For stand-alone financial planning engagements, upon presentation of our recommendations, our engagement typically ends; however, we encourage clients to re-engage us to obtain an update or retain us for investment management. In these engagements, clients are solely responsible for implementing our recommendations.

General Information

Wallace Investments tailors its services to the needs of each individual client. We typically provide our services on a discretionary basis; however, you can impose restrictions on what to invest in or what not to invest in. We do not offer any investment programs involving wrap fees.

Our firm does not provide legal or accounting services, but with your consent we work closely with your accountants, lawyers and other professionals to coordinate and implement your strategies.

Our firm uses its best judgment and good faith effort in rendering its services. However, Wallace Investments cannot warrant or guarantee any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Item 5 --- Fees and Compensation

Types of Fees

Asset-Based Fees

For our investment management engagements, our fees are based on a tiered, annualized percentage of assets under management. Fees will be billed quarterly, in arrears, based on the average daily balance of the accounts.

There is no minimum account size for new clients.

Our fees are as follows:

Assets Under Management	Annual Asset-Based Fee
\$0,000 - \$999,999	2.00%
\$1,000,000 - \$2,499,999	1.50%
\$2,500,000 - \$4,999,999	1.00%
\$5,000,000 - and up	0.75%

For the benefit of discounting our fee, we may aggregate accounts for the same individual or two or more accounts within the same family or household, or accounts where a family member has power of attorney over another family member's or incompetent person's account. However, if investment objectives are

substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we reserve the right to apply our fee schedule separately to each account.

For all forms of engagement noted in earlier paragraphs, the services we provide to you and the fee charged will be detailed specifically in a written agreement with you. Those outlined in the agreement are the only fees Wallace Investments charges; we have no hidden or surprise fees. Our fees may be negotiable, solely at the discretion of the firm principal.

Project-Based Fees

We may be engaged for financial planning services under a project-based flat fee, based on the scope of the project and the time to complete the project. For comprehensive financial plans, fees range from \$1,500 to \$8,000, based on the complexity of your financial situation; our hourly rate is \$200 for follow-ups.

Fee Billing

Asset-Based Fees

Our asset-based fees for investment management services are billed quarterly, in arrears, based on the average daily balance in a client's account in the previous quarter. A client's first billing cycle will occur at the end of the quarter in which the accounts are funded. Clients authorize us to deduct our fees automatically from their accounts held at the third-party custodian. All fees deducted will be noted on the custodian's statements.

Financial Planning Fees

For financial planning engagements, we generally charge a flat fee based on complexity of the plan. We expect payment of half of the fee upfront, with the remainder due upon presentation of our recommendations. We provide a written financial plan along with our recommendations.

Other Fees

In addition to our investment management fees, clients may pay fees to third-party service providers, such as custodians' nominal brokerage fees, fees related to qualified retirement plan account terminations, or for holding alternative assets. Those fees are typically disclosed in a separate fee schedule, which you will receive from the particular service provider. Note that fees you pay to our firm for our services are separate from transactional fees such as charges for trades by the custodian or expenses charged separately by funds.

Further information about our brokerage practices is noted in Item 12 of this document.

Prepayment of Fees

Our investment management fees are based on the previous quarter, and we do not require prepayment. For separate financial planning engagements, we require an initial non-refundable deposit of half of the agreed-upon project fee.

Commissions

Our firm and its associates are sometimes compensated by a fee for our advice and services and a commission based on the product. We do not charge mark-ups on securities transactions; our associates do not accept any commissions on purchase of securities investments that we recommend.

As we describe above, you may pay fees to issuers of securities or mutual fund companies, which are detailed in prospectuses or product descriptions for these investments. We do not receive any fees from “12b-1 fees,” from mutual funds that we recommend. **We believe this practice aligns our interests with yours, as we are able to recommend and purchase investments that we believe are best for you without facing conflicts of interest.**

As a registered investment advisor, we offer mutual funds and other securities with no or low sales fees. We select investment vehicles with high-quality management and low expense ratios.

Item 6 – No Performance-Based Fees or Side-By-Side Management

We do not accept performance-based fees, i.e., fees based on a share of gains or capital appreciation of any portion of managed funds. We believe that performance-based compensation creates an incentive for a firm to recommend investments that may carry a higher degree of risk to a client. Our fees are also not based on “side-by-side” management, which refers to when a firm simultaneously manages accounts that do pay performance-based fees and those that do not.

These types of arrangements, and the conflicts of interest they may pose, do not conform to our firm’s philosophy and practices.

Item 7 --- Types of Clients

We provide our services to individuals, businesses, as well as foundations and charities; we assist them in meeting their financial objectives in what we believe to be a cost-effective way. **We have a particular specialty in working with clients that have 401ks or other types of retirement accounts.** We reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

Methods of Analysis

When engaged to provide investment advice, we first gather and consider information regarding several factors, including your:

- Current financial situation,
- Short-term and long-term needs,
- Investment goals and objectives,
- Level of investment knowledge,
- Socially responsible investing concerns or other reasonable restrictions, and
- Tolerance for risk.

Typically, we employ a fundamental analysis to develop our investment strategies. This includes evaluating economic factors such as interest rates, state of the economy, future growth of an issuer or sector, among others. In addition to our own research, our recommendations may also be drawn from research sources that include financial publications, investment analysis and reporting software, materials from outside sources, annual reports, prospectuses and other regulatory filings, and company information. We create asset allocation and investment policy strategies based on these and other factors according to your situation.

Investment Strategies

Our investment advice is based on global diversification with a long-term disciplined approach that manages risk through appropriate asset allocation. We aim to create portfolios that are highly diversified and tax efficient; we place an emphasis on low-cost investments, often choosing passive or “smart alpha” strategies combined with active strategies in sectors and asset classes that we believe are appropriate. Our firm primarily utilizes our proprietary investing approach as well as mutual funds and ETFs to provide broad diversification among asset classes, as well as individual bonds, stocks, and preferred securities when appropriate. The investment strategy for each client is based on their particular objectives outlined during consultations. A client may change those objectives at any time.

Potential Risk of Loss

We believe our strategies and investment recommendations are designed to produce the highest potential return for a given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved. Investing in securities involves the risk of loss that an investor must be able to bear, which may include risks regarding markets, company and management risk, among others.

Market risk - When the stock market as a whole or an industry as a whole falls, it can cause the prices of all individual securities to fall indiscriminately. This is also called systemic risk.

Company risk - When investing in securities, there is always a certain level of company or industry-specific risk inherent in each company or issuer, that a company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is referred to as “unsystematic risk” and can be reduced through appropriate diversification.

Management risk - Investments vary with the success and failure of a firm’s investment strategies, research, analysis, and determination of a portfolio.

Passive market strategies - A portfolio that employs a passive, efficient-markets approach has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class.

Active management strategies - A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading.

Socially responsible investing - A portfolio invested according to these principles carries a risk that returns on investments of this type may be limited and not be as well diversified. The number of publicly traded companies that meet certain parameters may be limited, and such a portfolio could be more volatile than a fully diversified portfolio.

Item 9 --- Disciplinary Information

Neither Wallace Investments nor any member of the firm’s management ever has been involved in any criminal, civil, or administrative legal or disciplinary proceeding or event that could be material for a client’s evaluation of our firm’s advisory business or the integrity of our management.

Item 10 --- Other Financial Industry Activities and Affiliations

Our policies require our firm and its associates to conduct business activities in a manner that avoids or mitigates conflicts of interest between the firm, its employees, and its clients, or that may be contrary to law. We provide disclosure to you prior to and throughout the term of our engagement regarding any conflicts of interest that might in our reasonable judgment compromise our impartiality or independence.

Wallace Investments retains and is licensed as a Real Estate Broker and Insurance Broker. Both of these activities fall under the umbrella of Wallace Investments and are meant to only give more comprehensive investment advice to their clients. Wallace Investments does not devote any more than 10% of their time with these licenses...only used as needed to service their clients in need of more investment advice alternatives.

At a client's request, we may provide referrals to various professionals we know and trust, such as accountants, attorneys, insurance agents, or real estate and mortgage brokers. We do not have any agreements with nor receive fees from these professionals for these referrals.

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

Code of Ethics

We have a written Code of Ethics that establishes policies for ethical conduct for all our personnel. Wallace Investments is not only committed to complying with all applicable laws and regulations but also to act in an ethical, compassionate, and responsible manner in all its professional services and activities. As a general matter, we seek to avoid conflicts of interest with our clients and will disclose any that may arise and take appropriate steps consistent with our Code of Ethics to resolve them. Our policies are based on the principle that we have a fiduciary obligation to our clients. In this fiduciary capacity, we must place the interest of our clients before our own interest and the interests of persons and entities related to us. Specifically, our Code of Ethics includes prohibitions against insider trading, and policies regarding personal securities trading, gifts, and political contributions.

Our chief compliance officer is responsible for overseeing adherence to the Code of Ethics. We periodically review and amend it to ensure that it remains current, and we require all firm personnel to attest to their understanding of and adherence to it at least annually.

We provide any client or prospective client with a copy of our Code of Ethics at his or her request.

Privacy Policy Statement

We respect the privacy of all our clients and prospective clients, both past and present. We recognize that clients have entrusted us with non-public personal information, and we require that all employees and clients know our policy concerning that information.

We do not disclose non-public personal information about our clients to anyone, except with the express written authorization of the client and under limited circumstances (such as to open an account or speak with

your CPA). Our privacy principles are disclosed in our Privacy Policy and Notice, which we provide clients on an annual basis as per federal law and at any time, in advance, if our policy were expected to change.

To ensure security and confidentiality, we maintain strict and strong physical, electronic, and procedural safeguards to protect the privacy of client information.

Investment Recommendations Involving a Material Financial Interest

Our firm does not, and all our related persons are prohibited from, recommending to a client or purchasing from or selling for a client any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, and the like. In addition, our firm does not borrow from or lend to clients, and our employees are prohibited from borrowing from or lending to a client.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Wallace Investments does trade their own account and at times recommends to its client's the same investments the firm invests in as well as related persons of the firm may personally buy or sell the same (or related) securities as those which we recommend to clients for their accounts. Also, recommendations made to one client may be different in nature or in timing from a recommendation made to another client, as clients often have different objectives, risk tolerances, and time horizons. At no time, however, will our firm or any of its associates receive preferential treatment over our clients, or provide preferential treatment to one client over another.

In an effort to reduce or eliminate certain conflicts of interest (i.e., trading ahead of a client order, etc.) involving the firm or personal trading, our policy imposes trading restrictions and pre-clearance of certain trades to avoid conflicts of interest. Any exceptions must be approved or pre-cleared by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records as required by law.

Item 12 --- Brokerage Practices

Selecting Custodians/Brokerage Providers

All of our clients' assets are maintained in clients' names in accounts at a third-party "qualified custodian," "Interactive Brokers" (IB). We also use "Interactive Brokers" (IB) as a broker-dealer for trades. **Our firm is independently owned and operated and is not affiliated with (IB) nor any other custodian or service provider.**

Interactive Brokers holds our clients' assets and buys and sells securities when our firm instructs them to do so. Clients enter into account agreements directly with Interactive Brokers. We recommend Interactive Brokers as a custodian/broker-dealer because of the quality and expediency of its client service, its overall service offerings for clients and its market standard commission rates; see "Best Execution" below for more details on the factors we use to select brokerage services.

Interactive Brokers provides institutional platform services to our firm that assist us in managing and administering investment management services for client accounts, including software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide limited research, securities pricing, and other market data;
- Facilitate payment of fees from clients' accounts;
- Provide online document storage of client accounts held at Interactive Brokers; and
- Assist with certain back-office functions, recordkeeping, and client reporting.

Interactive Brokers also offers other services intended to help the firm manage and further develop its advisory practice. Such services may include, but are not limited to, reporting, industry publications, access to educational conferences and webinars, and access to other third-party service providers that provide a wide array of business-related services, technology and research with whom the firm may directly contract.

Many of Interactive Brokers services are generally available on an unsolicited basis and at no charge to our firm when we maintain client account assets there. These services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. They may be perceived as creating a conflict of interest because we may not be required to pay for these services as long as our clients maintain assets in accounts with (IB). However, these services are not contingent on our firm committing any specific amount of business to (IB), and our selection of (IB) as custodian is driven by the competitive price, scope, quality and execution of Interactive Brokers services to our firm's clients, and not Interactive Brokers services that benefit only our firm.

Best Execution

Best execution means that a broker-dealer offers the most favorable terms for a transaction based on all relevant factors, including the range and quality of the services when placing brokerage, its execution capability, commission rates, financial responsibility, responsiveness to the adviser, and the value of any research services provided. We recognize and take seriously our obligation to seek "best execution" for our clients, and it is our belief that the determinative factor is not always the lowest possible cost but whether the service provider's transactions represent the best qualitative execution taking into consideration the full range of services provided. Therefore, we seek services with competitive but not necessarily the lowest possible rates for each transaction. We have determined at this time that having Interactive Brokers execute our account trades is consistent with our duty to seek "best execution," and we periodically review our policies regarding our service providers that we recommend to our clients in light of this duty.

Aggregating Securities Transactions

We generally place orders for trades for each of our clients independently unless we decide to purchase or sell the same securities for several clients at approximately the same time, often termed “aggregated” or “batched” orders.

We may, but are not obligated to, aggregate orders in an attempt to obtain better execution, negotiate more favorable transaction rates, or to allocate trades equitably among our client accounts should there be differences in prices and commissions or other transaction costs that might have been obtained had such orders been separately placed. Should we aggregate orders, transactions will generally be averaged as to price and allocated among each client on a prorated basis on any given day and we will attempt to do so in accordance with applicable industry standards. Trades that are executed separately and not aggregated may be assessed higher transaction costs than those that are batched. We review both our trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future. We do not receive any additional compensation or remuneration should we decide to aggregate orders.

Trade Errors

The firm corrects all trade errors through a trade error account maintained by the firm’s custodian. If there ever were an error with respect to trades made on behalf of client accounts, we would reimburse those accounts for losses or return gains that are due to trade errors that went uncorrected. We endeavor to detect and correct any trade errors prior to settlement.

Item 13 --- Review of Accounts

Reviews

Investment Management Services

We review investment management accounts on a quarterly and usually on a more frequent basis. Reviews may also be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding. Accounts may also be rebalanced in accordance with your Investment Policy Statement, and be reviewed for an additional holding or when an increase or decrease in a current position is under consideration. Account cash levels above or below what we deem appropriate, given the client’s stated tolerance for risk and investment objectives, may also trigger a review.

With respect to financial planning engagements, after completion of a project, we recommend that clients contact us for additional reviews if changes occur (such as divorce, loss of a job, early retirement, a significant bonus, an inheritance, the birth of a new child, or other circumstances). In addition, we recommend periodic financial checkups or reviews to most of our clients. These reviews are generally under a new or amended agreement at current rates.

Reports and Frequency

For our investment management engagements, the custodian provides clients with monthly written reports on account status and activity. In addition, our firm may provide written or electronic portfolio updates and performance summary reports, as well as annual realized gains/loss reports for taxable accounts. Some clients may receive additional reports depending on their specific requirements.

Item 14 - Client Referrals and Other Compensation

Client Referrals

Wallace Investments receives many referrals from current clients, friends, attorneys, accountants, and the like. We value and appreciate these referrals.

Wallace Investments will provide names of clients as references only upon written authorization by client. We also host events throughout the year and prospective clients are encouraged to attend to speak to current clients at their discretion.

Item 15 --- Custody

Your funds and securities managed by us are held in your name at an unaffiliated, third-party qualified custodian, Interactive Brokers. Your assets are never held by our firm or any of our associates, and our firm never has possession of them. In keeping with our custody policy, we:

- Restrict our firm and associates from acting as a trustee for or having full power of attorney over a client account.
- Prohibit any authority to withdraw securities or cash from a client account, other than for payment of our advisory fees or transaction settlement. These actions will be accomplished through the custodian maintaining your assets, pursuant to our written Agreement.
- Do not accept, or forward, client securities erroneously delivered to our firm.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online access to brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent.

We auto-deduct our fees from clients' accounts with the custodian. The custodian sends monthly account statements directly to you, and we urge you to compare the statements you receive from your custodian with those you may receive from us.

Item 16 --- Investment Discretion

We generally provide our investment management services under discretionary authority. Under a limited power of attorney, discretionary authority allows us to manage your accounts, implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your

authorization for each transaction. Our power of attorney only extends to the placement of trade orders and the deduction of advisory fees. You may limit our discretion by notifying us in writing to that effect.

Item 17 --- Voting Client Securities

Proxy Voting

Our firm does not vote proxies on clients' behalf. Clients have the exclusive responsibility for proxy voting, as well as making other elections relative to mergers, acquisitions, tender offers or other events pertaining to your holdings. You will receive proxies or other similar solicitations directly from your custodian or transfer agent. We do not generally forward proxy statements or other correspondence relating to the voting of securities, class action litigation, or other corporate actions for securities you hold. We urge you to contact the issuer, the transfer agent, or legal counsel with questions regarding any proxy or other communications you receive.

Item 18 --- Financial Information

Balance Sheet

Due to the nature of our firm's services and operational practices, we provide an audited balance sheet when required by law.

No Financial Conditions Likely to Impair Ability to Meet Commitments to Clients

The firm and its management do not have any financial condition likely to impair the ability to meet our commitment to our clients. The firm nor its management have never been the subject of any bankruptcy petitions.

Item 19 - Requirements for State-registered Advisors

Wallace Investments is registered with the State of New York. Application for registration in other states will be made as necessary.

Registration does not imply endorsement by the regulating authority

Principal Executive Officers and Management Persons

The principal executive officers and management persons of Wallace Investments are as follows: K. Michael Wallace, CEO. A description of his education and business background is included in the brochure supplement, Form ADV Part 2B, which is provided to clients initially. Clients can also get a copy of the brochure supplement for Wallace Investments at any time by contacting us at the address or phone number on the cover page of this brochure, or visiting www.Wallaceinvestment.com.

Other Business Activities

Wallace Investments and our employees engage in other business activities besides providing investment advice. We discuss these activities under Item 10 - Other Financial Industry Activities and Affiliations, above.

Performance-Based Fees

Wallace Investments does not receive any performance-based fees.

Legal and Disciplinary Issues

Wallace Investments and our employees seek to maintain the highest level of business professionalism, integrity, and ethics. Neither Wallace Investments nor our employees have any legal or disciplinary events on our records to disclose.

Arrangements with Securities Issuers

Wallace Investments and our employees have no relationships or arrangements with issuers of securities.

Form ADV Brochure Supplement (Part 2B)

K. Michael Wallace

Investment Advisor

14 Wall Street, 20th floor
New York, N.Y. 10005
(917) 916-9545

www.Wallaceinvestment.com

February 12, 2019

This Brochure Supplement provides information about K. Michael Wallace that supplements the Wallace Investments Brochure. You should have received a copy of that Brochure. Please contact K. Michael Wallace if you did not receive Wallace Investment's Brochure or if you have any questions about the contents of this supplement.

Additional information about K. Michael Wallace is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Kelley Michael Wallace, Age 55

Education: Parkland College, Assoc.-Business Administration, 1981
New York University BA Business Administration, 1983

Business Background: Wallace Investments, President and CEO, 1987 - Present, K. Michael Wallace

Item 3- Disciplinary Information

Mr. Wallace has no disciplinary history to disclose.

Item 4- Other Business Activities

K. Michael Wallace is an Investment Advisor in the State of New York. Wallace Investments retains and is licensed as a Real Estate Broker and Insurance Broker. Both of these activities fall under the umbrella of Wallace Investments and are meant only to give more comprehensive investment advice to their clients. Wallace Investments does not devote any more than 10% of their time with these licenses...only used as needed to service their clients in need of more investment advice alternatives.

Item 5- Additional Compensation

K. Michael Wallace does receive compensation in certain situations for offering insurance products and transacting in real estate.

Item 6 - Supervision

K. Michael Wallace directly supervises all advisors with Wallace Investments. There is a weekly briefing and update on the status of each client.

Item 7- Requirements for State-Registered Advisers

K. Michael Wallace has not been involved in/with, or been accused nor found liable for any of the following:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
3.
 - (a) an investment or an investment-related business or activity;

- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

K. Michael Wallace is not the subject of any current or previous bankruptcy proceeding.