

## Uniform Application for Investment Adviser Registration

## Part II - Page 1

Name of Investment Adviser:

**Stevens Wealth Management LLC**

Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
500 Lake Cook Road, Suite 350	Deerfield	IL	60015	(847) 444-0209

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

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**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

## Definitions for Part II

Related Person C Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services C Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client=s personal and family obligations.

## 1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services .....	90 %
<input checked="" type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services .....	9 %
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above .....	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription .....	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above .....	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....	%
<input checked="" type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities .....	1 %
<input type="checkbox"/>	(8)	Provides a timing service .....	%
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above .....	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? .....

Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input checked="" type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input checked="" type="checkbox"/>	(3)	Fixed Fees (not including subscription fees)	<input type="checkbox"/>	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

## 2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A.	Individuals	<input checked="" type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input type="checkbox"/>	B.	Banks or thrift institutions	<input type="checkbox"/>	F.	Corporations or business entities other than those listed above
<input type="checkbox"/>	C.	Investment companies	<input type="checkbox"/>	G.	Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D.	Pension and profit sharing plans			

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input checked="" type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input checked="" type="checkbox"/> (2) variable annuities                                     | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |  |

**B.** The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases   |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

**C.** The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |   |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....

Yes



No



(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?

Yes



No



(If yes, describe on Schedule F the partnerships and what they invest in.)

9. **Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes



No



(If yes, describe on Schedule F)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F.

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                                  |
|--|-------------------------------------|-------------------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (4) commission rates paid? .....                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? .....

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |  |   |
|---|--|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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**Stevens Wealth Management, LLC**  
**IRS Employment Identification Number 36-4356706**

**Schedule F**

Stevens Wealth Management, LLC (formerly Stevens Portfolio Design, LLC) (“Applicant” or “Adviser”) provides investment supervisory services as well as financial planning to their clients. Its programs and services are outlined below.

**Item 1.A.(1), 1.A.(2), 1.A.(7) Advisory Services and Fees**

**Investment Supervisory Services**

For clients choosing investment supervisory services, Applicant will manage client portfolios on an ongoing basis. Applicant prepares an **Investment Policy Statement** that describes client account management and responsibilities. Applicant electronically downloads client portfolios daily. Client receives a **Quarterly Performance Report** showing current positions, asset allocation in dollars and percentages, performance for the quarter in dollars and percentages, time-weighted performance of investments year-to-date, quarterly cash flow summary and performance of related market indices. Applicant assesses **rebalancing** needs periodically. Client receives an annual **Realized Gain/Loss Report** that is generated from custodial data reported through Applicant’s portfolio accounting software.

Managed assets are held in institutional accounts under Applicant’s master agreements with any of the following: Charles Schwab, Fidelity or T.D. Ameritrade. These custodians provide the electronic downloads and support Applicant needs to prepare client’s performance reports. Client gives Applicant a limited power of attorney to make trades on the accounts and deduct fees. Client also has the option to pay quarterly by check. Applicant will not generally have authority to take money out of client accounts. Under an institutional account Applicant has access to investments generally not available through retail accounts-- funds with waived loads and funds requiring an approved adviser (like DFA Funds or American Funds).

Minimum new account size is \$1,000,000. Fees are based on the level of portfolio assets to be managed:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$1,500,000	1%
\$1,500,001 - \$5,000,000	0.5%
Over \$5,000,000	0.25%

An additional one-time set-up fee of \$1,000 minimum will typically be charged initially to enter client’s cost basis information into Applicant’s portfolio accounting software.

For existing asset management clients with accounts under \$1 million, the minimum annual fee for the total portfolio under management is \$10,000 per year. In the case of smaller accounts, this may exceed 1% per year.

The portfolio management fee is calculated on a “tiered” basis. This means that the first \$1.5 million dollars under management is charged 1%; the next \$3.5 million under management is charged 0.5%; while assets above \$5.0 million are charged 0.25% as shown above.

*Example:*

Assets under management:	\$4,000,000
First \$1,500,000 = $1,500,000 \times 1\% =$	\$15,000
From \$1,500,001 to \$4,000,000 = $\$2,500,000 \times 0.50\% =$	\$12,500
Total annual fee =	\$27,500
Total quarterly fee =	\$6,875

Fees will generally be automatically deducted from the client's account on a quarterly basis unless the client chooses to pay by check. Fees are calculated in arrears and will be due at the beginning of the following quarter. If the client transfers assets to one of Applicant's master accounts mid-quarter, fees may be prorated to reflect a partial quarter. However, Applicant, in its sole discretion, may charge a lesser investment management fee, account set-up fee or reduce its minimum account size based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

A client may authorize in writing that a bank, trust company, broker/dealer or other entity which is acting as custodian of a client's account pay advisory fees to the Applicant upon receipt of the Applicant's invoice for services. The Applicant will send an invoice to the client before they send an invoice to the custodian. The client's invoice will set forth the amount of such fees, the value of the assets as of the end of the preceding quarter, and the manner of calculation. The custodian will not verify the fee and its calculation. It is up to the client to do so.

The Applicant may charge an advisory fee on assets invested in money market mutual funds. An advisory fee may also be charged on assets invested in other mutual funds, as agreed to by the client. Mutual fund shareholders pay advisory fees to investment advisers of the funds, which are reflected in the expense ratio of the fund shares. Clients may therefore pay two levels of advisory fees, one directly to the Applicant and one to the managers of the mutual funds or other investments held in their portfolios.

Either party may terminate advisory services at any time. Giving written notice to the other party does this. Fees earned but unpaid shall be pro-rated to the date of termination (as set forth in the request) or the date the notice is received by Applicant, whichever is later. Written notice (hard copy or email) must be acknowledged by the receiving party within ten business days to confirm the notice was received. Applicant will refund any unearned pre-paid fees upon termination of the advisory contract.

In computing the market value of any security or asset of an account, Applicant will rely on the information provided by the client's custodian. Any other security or asset will be valued in a manner determined in good faith by the Applicant to reflect its fair market value, and the Applicant's determination as to such value shall be accepted as final by the client. A security for which there is no readily available market will generally be valued at cost, unless the Applicant has obtained reliable information regarding recent transactions in such security, or other reliable data affecting valuation.

The Applicant does not have a single strategy or program that it utilizes for all advisory clients. Strategies adopted for, or recommended to, particular clients are based upon the individual needs and objectives of each client. Such needs may vary due to the client's initial holdings, tax consequences from the sales of current holdings, etc.

The Applicant provides retirement planning services to smaller employers using self-directed plans. Services consist of recommending mutual funds for plan participants to invest in, creating an Investment Policy Statement for trustees and providing educational assistance for plan participants. Applicant provides quarterly reports to plan trustees on mutual fund performance and assists administrator in allocating participant contributions per election forms.

### **Financial Planning**

Investment advisory accounts not involving investment supervisory services and all other financial planning services are provided on an annual, semi-annual or quarterly retainer basis.

Retainer fees for existing clients are paid at the beginning of each calendar quarter either by check or direct fee deduction from the client's account with the client's written approval.

If an ongoing retainer agreement is in place, Applicant will provide periodic rebalancing. Client will need to provide timely updated account information in order for Applicant to complete portfolio reviews.



Ongoing monitoring of the portfolio and placing trades are the client's responsibility.

Services include, but are not limited to:

- Net Worth Statement provides a snapshot of the current financial situation and gives insight into ownership of assets.
- Portfolio Analysis including discussion of investment goals, detailed analysis of current portfolio (by asset class, style, sector, risk/return parameters, average cost and overall Morningstar rating) and proposed portfolio (including target asset allocation, detailed portfolio research reports and recommended investment selections)
- Comprehensive Retirement Planning including detailed cash flow planning with discussion of which assets to consume first in retirement, "what if" scenario modeling and sustainable withdrawal rates
- Estate Planning including a review of current documents, educational materials on estate flow and tax minimization
- College Funding including a discussion of college funding vehicles, college costs and appropriate investment strategies
- Stock Option Planning including an analysis of current options, discussion of tax related issues and strategies for exercise and sale.

### **Item 3(L) Types of Investments**

Applicant and its related persons may also recommend or provide advice on tax credit partnerships (including low income housing and/or oil and gas), REITs (real estate investment trusts), ETFs (exchange traded funds), gold, silver, and other precious metals and 529 college savings plans.

### **Item 5 Education and Business Standards**

Work requirements for ministerial staff generally include a minimum of five years of related experience. For all but administrative positions, at least an undergraduate degree is required.

### **Item 6 Education and Business Background**

**Susan Virginia Stevens**

CRD #2511599

Born 1956

#### **Education:**

- Graduated with distinction from Northwestern University, June 1979 with a Bachelor of Music
- MBA from University of Chicago, December 1989
- Masters of Science, College for Financial Planning. Specializing in wealth management, 1995.
- Chartered Financial Analyst (CFA) 1998
- **CERTIFIED FINANCIAL PLANNER™, Practitioner** 1992
- Certified Public Accountant (CPA) 1990
- Personal Financial Specialist (PFS) 2006

#### **Work experience:**

- September 2008 to present: President, Financial Happiness LLC
- January 2000 to present: President, Stevens Wealth Management LLC (formerly Stevens Portfolio Design LLC)
- January 2005 to December 2007: Editor, Morningstar Practical Finance
- September 1999 to December 2007: Director of Financial Planning, Morningstar
- May to September 1999: Resident Financial Planner, Morningstar

- September 1996 to March 1999: Head of Research & Development for Participant Education, The Vanguard Group

### **Item 9 Participation or Interest in Client Transactions**

The Applicant performs advisory services for itself and its members and employees as well as for its clients. The Applicant may give advice with respect to a client's account which may differ from advice given or the timing or nature of action taken with respect to another client's account. The Applicant shall not have any obligation to recommend for purchase or sale for a client's account any security which the Applicant, its members or employees may purchase or sell for its own or their own accounts, or for the account of any other client.

In the case of a purchase or sale of a security, client accounts are given preference over personal transactions by the Applicant or its personnel. The Applicant and its personnel do not purchase or sell securities that are being considered for purchase or sale by the Applicant's clients until the needs of the client have been met, unless the size of the personal transactions are not material.

Applicant maintains and enforces a strict Code of Ethics that is available to any client or prospective client on request. Serving clients puts all Applicant's employees in a position of trust that must be considered at all times. To earn the respect and trust of our clients, Applicant's employees must:

- Avoid any type of misconduct (real or perceived)
- Comply with internal conduct rules as well as regulatory rules
- Keep client information confidential—including discussing any client specifics outside of Applicant's office—and secure
- Protect Applicant's reputation
- Take measures to guard against violation of any securities laws
- Strive to maintain independence in Applicant's investment decision making process, limiting its conflicts of interest and ensuring that any conflict of interest is not material to Applicant's investment decision making process.

This Code of Ethics applies to all employees of Applicant including owners, full-time and part-time employees. For purposes of securities transactions reporting, Applicant's policies also extend to any person by blood or marriage living in employees' households.

### **Item 10 Conditions for Managing Accounts**

Managed accounts must have minimum assets of \$1,000,000. Existing managed accounts that are under \$1 million have a minimum annual fee of \$10,000. Account size and fee schedule may be negotiable at the sole discretion of the Applicant.

### **Item 12.A. and 12.B. Investment or Brokerage Discretion**

#### **Item 13.A. Additional Compensation**

For supervisory investment accounts, clients sign an agent authorization form that gives the Applicant discretion to decide the securities to be bought or sold or the amount of securities to be bought or sold in their account.

Financial planning retainer clients are free to execute their investment plan at any brokerage firm although Applicant requests that clients use Fidelity or Charles Schwab. For asset management clients, Applicant has master accounts at T.D. Ameritrade, Fidelity and Charles Schwab. Depending on client preference, the Applicant will describe features of each brokerage (services, trading costs, convenience) and let the client select the broker-dealer.

T. D. Ameritrade, Fidelity and Charles Schwab provide Applicant with access to its institutional trading and operations services, which are typically not available to retail investors. Stevens Wealth Management LLC and T D Ameritrade Institutional, Fidelity and Schwab Institutional are separate, unaffiliated entities. These services generally are available to independent investment advisers at no charge to them. Schwab requires that a total of at least \$10 million of the Applicant's clients' account assets are maintained at Schwab Institutional or they will assess a fee. T.D. Ameritrade's, Fidelity's and Charles Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. These broker-dealers also make available to Applicant other products and services that benefit Applicant but may not benefit its clients' accounts. Many of these services may be used to service all or a substantial number of Stevens Wealth Management LLC's accounts, including accounts not maintained at that custodian. Some of these other products and services assist Applicant in back-office support, managing and administering clients' accounts and reporting. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of Applicant's fees from its clients' accounts. The broker-dealers may also provide Applicant with other services intended to help Applicant manage and further develop its business enterprise. These services may include publications on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, these broker-dealers may make available, arrange and/or pay for these types of service to Applicant by independent third-parties. The broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Applicant. The availability to Applicant of some of the foregoing products and services is not contingent upon Applicant committing to the broker-dealer any specified amount of business (assets in custody or trading).

Schwab Institutional does provide various products, services and other benefits to Stevens Wealth Management LLC at no cost or at a reduced cost based upon Stevens Wealth Management LLC's commitment that Stevens Wealth Management LLC's clients will place or maintain a specified dollar amount of assets in accounts with Schwab Institutional within a specified period of time. Effective March 2009 the Applicant agrees to place at least an additional \$20 million in statement equity at Schwab within the next twelve months in exchange for the reimbursement of Transfer of Account Exit Fees for an approximate value of \$7,000 not to exceed \$7,000. These funds will be used to offset client account fees incurred on accounts transferred to Schwab. The Applicant may be influenced by this commitment in recommending that clients establish brokerage accounts at Schwab Institutional.

Research and other products received from the custodians may be used for all clients of Adviser and no clients are charged for the products or research.

The Applicant requests that asset management accounts be custodied at one of the three broker-dealers mentioned above to enable the Applicant to receive electronic reporting of account information on a daily basis. Applicant seeks to obtain the lowest cost execution given the electronic reporting services provided. While the Applicant believes that these broker-dealers offer services benefiting the Applicant and its clients, including electronic reporting, custody and execution, the Applicant's primary incentive in maintaining master accounts with these broker-dealers is their electronic reporting capabilities. The Applicant generally does not review whether competing broker-dealers may offer similar or superior services at the same or lower rates, including brokerage execution commissions or custody fees. While the Applicant attempts to review the reasonableness of broker commissions through review of the general level of commissions paid and services received in comparison with industry data, clients may pay a brokerage commission, or mark-up, in excess of that which another broker-dealer might have charged for effecting the same transaction. The broker-dealers' rates, including execution commissions or custody fees, may be higher than obtainable elsewhere. The Applicant generally places trades with the custodian where clients accounts are custodied but may use other broker-dealers to execute trades, but this practice may result in additional costs to clients. The Applicant receives no economic benefit from any of these relationships with broker-dealers, and the Applicant does not receive "soft-dollar" credits.

The Applicant does not aggregate or “bunch” trades for clients. All orders are placed in the individual client accounts.

The Applicant generally has discretionary authority to determine the type and amount of securities bought or sold for investment supervisory services clients. Contracts with some clients, however, contain specific restrictions regarding the size and type of individual stock investments relative to total assets, or other restrictions regarding characteristics.

Unless the client directs otherwise, the Applicant will vote proxies for securities held by an employee benefit plan account (including plans established pursuant to Section 401(k) and subject to ERISA). Except for ERISA clients, clients shall retain the authority to vote securities held in their accounts, unless a client notifies the Applicant that the Applicant should retain such authority. In such event, the Applicant will vote client securities with respect to all matters which the Applicant in its discretion determines to be relevant and appropriate. The Applicant may notify any person holding such securities in “street name” as trustee, or custodian, when the Applicant exercises this proxy voting authority.

Certain state and federal statutes and regulations may limit the Firm and its clients from acquiring or holding positions in certain securities and industries. In some circumstances, the Firm’s acceptance of proxy voting powers might place the Firm and/or its clients in the position of violating those statutes and regulations, or would place additional regulatory burdens on the Firm. Under those circumstances, the Firm will not accept proxy voting powers until the Firm and/or the client complies with applicable law governing the regulated entity.

The Applicant does not accept time sensitive trading or investment directions via email or voice mail. Should a client submit a message regarding a time sensitive trade via one of these methods, the Applicant will not be responsible for any market fluctuations caused by a delay in placing the trade.

In some instances, Adviser may “trade away” from the client’s normal custodian to purchase individual bonds through Advisor Asset Management (“AAM”). This is done when it is believed that AAM has a better inventory of suitable bonds for the clients of Applicant and when pricing is better or equal to that which may be achieved at the client’s custodian. Adviser may choose to use the services of AAM without receiving client approval.

### **Item 13.B. Client Referrals**

Currently no firms or other persons solicit advisory clients on behalf of the Applicant.