

Disclosure Brochure

November 17, 2014

Stronghold Financial, LLC

a Registered Investment Adviser

This brochure provides information about the qualifications and business practices of Stronghold Financial, LLC (hereinafter “Stronghold Financial” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. 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 the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. Stronghold Financial is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

In this Item, Stronghold Financial is required to discuss any material changes that have been made to the brochure since the last annual amendment. This brochure has been prepared in connection with the Firm's initial launch, accordingly, there are no material changes to disclose.

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Item 4. Advisory Business

Stronghold Financial is an investment advisory firm that provides ongoing discretionary portfolio management, continual rebalancing and tax location services to its clients through an advanced, web-based interface. In addition to access to the Firm's platform and resources, clients may contact an advisor during normal business hours to discuss general investment related matters.

Founded in 2014, the Firm is wholly owned by Ajay Gupta. This brochure has been prepared in connection with the Firm's initial launch, accordingly, the Firm does not have any assets under management to report.

Before becoming a client of the Firm, prospective clients may access certain portions of the Firm's website to enter key information regarding their investment objectives and financial situation (the "Client Profile"). The website's capabilities allow prospective clients to link outside accounts and receive a complimentary fee comparison, as well as a comparison of their current asset allocation to a target allocation that would be recommended by the Firm based on the Client Profile. Prospective clients that decide to engage the Firm to render advisory services are required to enter into a written agreement with Stronghold Financial setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

While this brochure generally describes the business of Stronghold Financial, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Stronghold Financial's behalf and is subject to the Firm's supervision or control.

Investment Management Services

The Firm manages clients' investment portfolios on a discretionary basis through the use of model portfolios, whereby the Firm allocates all or a portion of its clients' assets among various ETFs, mutual funds and/or securities using one or more of its proprietary investment strategies. Each client is directed to a model portfolio based on information contained in the Client Profile, which the client may change from time to time. Stronghold Financial continuously seeks to ensure that clients' portfolios are managed in a manner consistent with their Client Profile. As the Firm relies on the information contained in the Client Profile, clients are advised to promptly notify Stronghold Financial if there are changes in their financial situation. Based on the nature of Firm's investment strategy and the composition of preselected ETFs and mutual funds, clients are not permitted to place limitations on the management of their portfolios as such limitations will not be reasonable and will prove overly burdensome to the Firm's management efforts.

Item 5. Fees and Compensation

Investment Management Fees

Stronghold Financial provides investment management services for an annual asset-based fee of 75 basis points (0.75%).

The annual fee is prorated and charged quarterly, in arrears, based upon the average daily portfolio value of the assets being managed by Stronghold Financial during the previous quarter. Since the fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client.

Additional Fees and Expenses

In addition to the advisory fees paid to Stronghold Financial, clients may also incur certain charges imposed by other third parties, such as *TD Ameritrade* (as defined in Item 12), broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Stronghold Financial does not, however, receive any portion of these commissions, fees, and costs.

Fee Debit

Clients provide Stronghold Financial with the authority to directly debit their accounts for payment of the Firm's investment management fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Stronghold Financial.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Stronghold Financial's right to terminate an account. Clients may withdraw account assets on notice to Stronghold Financial, subject to the usual and customary securities settlement procedures. However, Stronghold Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Clients are advised that when securities and assets are liquidated, they may be subject to transaction fees, tax consequences, and fees assessed at the ETF or mutual fund level. Stronghold Financial does not, however, receive any portion of these fees.

Item 6. Performance-Based Fees and Side-by-Side Management

Stronghold Financial does not provide any services for a performance-based fee.

Item 7. Types of Clients

Stronghold Financial primarily provides its services to individuals.

Minimum Portfolio Size

As a condition for starting and maintaining an investment management relationship, Stronghold Financial imposes a minimum portfolio size of \$25,000.

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

Methods of Analysis

Stronghold Financial utilizes a combination of fundamental, technical and cyclical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Stronghold Financial, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a particular fund or issuer may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Stronghold Financial will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Stronghold Financial is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

The model portfolios at Stronghold Financial are based on a risk parity philosophy, which is a portfolio allocation strategy based on targeting risk levels across the various components of an investment portfolio. The Firm's most conservative portfolio is designed as an All Seasons approach. Clients with longer time horizons to retirement and/or higher risk tolerance are "mapped" to more aggressive portfolios with higher equity exposure. Each client moves through a "glide path" which automatically shifts the portfolios to be more conservative with the goal of creating the optimal risk and reward profile for the client. Stronghold Financial determines which asset classes and relative percentages are most appropriate for each of the model portfolios. Stronghold Financial's goal is to select the most efficient ETFs and/or mutual funds that it believes best represent each of those asset classes and how to best diversify within the asset class.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Market Risks

The profitability of a significant portion of Stronghold Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of securities. There can be no assurance that Stronghold Financial will be able to predict those price movements accurately.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Management Through Similarly Managed “Model” Accounts

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives provided in the Client Profile, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications.

Item 9. Disciplinary Information

Stronghold Financial has not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Related Investment Adviser

Stronghold Financial is under common control with its affiliated SEC registered investment adviser, Gupta Wealth Management, LLC (“GWM”). Certain *Supervised Persons* of Stronghold Financial also serve in the same or similar capacity for GWM. As discussed in Item 14, clients with portfolios in excess of \$1,000,000 are eligible to become clients of GWM.

Item 11. Code of Ethics

Stronghold Financial has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. Stronghold Financial’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and trading of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Stronghold Financial's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Stronghold Financial's *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Stronghold Financial to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

For investment management accounts, Stronghold Financial recommends that clients utilize the brokerage and clearing services of TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*"), an SEC-registered broker-dealer and FINRA member that is not affiliated with the Firm. Stronghold Financial participates in *TD Ameritrade's* institutional customer program, which offers services such as custody of securities, trade execution, clearance and settlement of transactions to independent investment advisers. Stronghold Financial receives some benefits from *TD Ameritrade* through its participation in the institutional customer program.

Factors which Stronghold Financial considers in recommending *TD Ameritrade*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables Stronghold Financial to obtain many mutual funds and ETFs without

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transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Stronghold Financial's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Stronghold Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including the value of research provided, execution capability, commission rates and responsiveness. Stronghold Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Stronghold Financial periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Transactions for each client generally will be effected independently, unless Stronghold Financial decides to purchase or sell the same securities for several clients at approximately the same time. Stronghold Financial may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Stronghold Financial's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Stronghold Financial's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Stronghold Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Stronghold Financial's *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Stronghold Financial does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Stronghold

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Financial may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Software, Support and Economic Benefits Provided by Financial Institutions

Stronghold Financial may receive computer software, related systems support, and economic benefits from *TD Ameritrade*. These benefits allow Stronghold Financial to better monitor client accounts maintained at *TD Ameritrade*. Stronghold Financial may receive the software, related support and economic benefits without cost because Stronghold Financial renders investment management services to clients that maintain assets at *TD Ameritrade*.

Stronghold Financial receives these benefits from *TD Ameritrade* through the institutional customer program. These benefits are not typically available to *TD Ameritrade*'s retail investors. There is no direct link between Stronghold Financial's participation in the institutional program and the investment advice it gives to its clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Stronghold Financial in managing and administering client accounts, including accounts not maintained at the respective *Financial Institution*. Other services made available by *TD Ameritrade* are intended to help Stronghold Financial manage and further develop its business enterprise. The software, support, and economic benefits received by Stronghold Financial from *TD Ameritrade* do not depend on the amount of brokerage transactions directed to *TD Ameritrade*.

Stronghold Financial endeavors at all times to put the interests of its clients first; however, clients should be aware that the Firm's receipt of the above economic benefits from *TD Ameritrade* creates a conflict of interest since these benefits may influence Stronghold Financial's choice of *TD Ameritrade* over another *Financial Institution* that does not furnish similar software, systems support or services.

Item 13. Review of Accounts

Account Reviews

Stronghold Financial monitors clients' portfolios as part of an ongoing process. The Firm periodically rebalances portfolios back to target allocations as part of its process to strive to maintain risk and reward levels consistent with the Client Profile of each client.

Clients are encouraged to discuss their needs, goals and objectives with Stronghold Financial and to keep Stronghold Financial informed of any changes. The Firm contacts clients at least annually to review

previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. Clients are also reminded on a quarterly basis to contact the Firm if there have been any changes in the client's financial situation or investment objectives and to update the Client Profile accordingly.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. Clients may also receive written or electronic reports from Stronghold Financial, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they may receive from Stronghold Financial.

Item 14. Client Referrals and Other Compensation

Client Referrals

Stronghold Financial is required to disclose any direct or indirect compensation that it provides for client referrals. As mentioned in Item 10, clients with portfolios in excess of \$1,000,000 are eligible to become clients of the Firm's affiliate, GWM. If a client is introduced to GWM by Stronghold Financial, then Stronghold Financial may receive a referral fee from GWM.

Other Economic Benefits

In addition, Stronghold Financial is required to disclose any relationship or arrangement where it receives an economic benefit from a non-client party for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Stronghold Financial's *Agreement* and/or the separate agreement with any *Financial Institution* authorizes Stronghold Financial, through such *Financial Institution*, to debit the client's account for the amount of Stronghold Financial's management fee and to directly remit that fee to Stronghold Financial in accordance with applicable custody rules.

The *Financial Institutions* recommended by Stronghold Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Stronghold Financial. In addition, as discussed in Item 13, Stronghold Financial also sends periodic supplemental reports to clients. Clients should carefully review the

statements sent directly by the *Financial Institutions* and compare them to those received from Stronghold Financial.

Item 16. Investment Discretion

Stronghold Financial is given the authority to exercise discretion on behalf of clients. Stronghold Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Stronghold Financial is given this authority through a power-of-attorney included in the *Agreement* between Stronghold Financial and the client. Stronghold Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

Stronghold Financial is required to disclose if it accepts authority to vote client securities. Stronghold Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Stronghold Financial is not required to disclose any financial information pursuant to this Item due to the following: the Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered; the Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and the Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Stronghold Financial, LLC

Prepared by:



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The Adviser's Advisor®