

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

August 1, 2018

#### **Steward LLC**

SEC File No. 801-108366

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This brochure provides information about the qualifications and business practices of Steward LLC. If you have any questions about the contents of this brochure, please contact us at 773-275-3262 or [jess.garner@stewardllc.com](mailto:jess.garner@stewardllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Steward LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. At this time there are no material changes.

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## Item 4: Advisory Business

### A. Stevard LLC

Stevard LLC ("Stevard" and/or "the firm") is a Delaware limited liability corporation wholly owned by Christine J. Sibrava. Stevard has been offering investment advisory services since November 2016.

### B. Advisory Services Offered

#### B.1. Family Office

Stevard provides investment advisory services to high-net-worth individuals, trusts, family LLC's and partnerships, private foundations, family businesses, and other family related enterprises. Stevard's Family Office offerings typically include (i) financial planning, including the analysis, preparation, explanation, and periodic review of plans related to various aspects of your financial life ("Financial Plan"); (ii) investment advice, implementation and management; and (iii) such other advice, activities, and services as appropriate or requested in order to provide for the management of your personal affairs. Services may also include, at your request, counsel and assistance in obtaining life, disability, and other forms of insurance, coordination of information and documents with your tax preparer, selection and oversight of estate attorneys, or help securing other professional financial services.

Stevard also offers the following services through its Family Office:

- Accounting
- Asset Aggregations & Reporting
- Budgeting
- Cash Management
- Estate Planning
- Financial Education
- Insurance Review
- Philanthropic Planning
- Real Estate Management
- Tax Compliance, Reporting & Preparation
- Property Management

After understanding your situation and objectives, Stevard strives to provide thoughtful advice and recommendations. Upon mutual agreement of the plan, we expect that we will work together to execute that plan.

Stevard works with you to establish a detailed investment policy, including determining investment goals and risk tolerance, establishing asset allocation parameters, establishing cash flow and liquidity requirements, and setting reasonable expectations for investment returns. Based on the risk and return objectives set forth in your investment policy, Stevard will recommend investments to create a diversified portfolio that best fits your goals and priorities.

Stevard provides investment advisory services for high net worth clients. In this capacity, Stevard creates a multi-asset class investment portfolio as part of a comprehensive wealth management strategy, primarily by recommending investments with independent investment managers and/or independently managed investment products.

As part of its plan to create customized, diversified investment portfolios, Stevard identifies and recommends independent investment managers and investment products in a range of asset classes. It monitors each of the recommended investments, including each investment's asset class and exposure, and periodically recommends rebalancing and new investments as your circumstances change and/or market events dictate. Stevard works with trustees, other professional staff and you to design custom performance measurement systems that accomplish performance reporting, portfolio evaluation, and investment administration.

We understand that investing resides within a holistic wealth management strategy and a broader family context that is informed by family values, tax, spending, investment experience, risk management and opportunity. These values inform our work.

In addition to providing Stevard with information regarding your personal financial circumstances, investment objectives and tolerance for risk, you are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of your portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Stevard will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Stevard also contacts clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Private Funds**

The firm serves as the Managing Member and provides discretionary asset management services to several private funds. Private fund(s) exist for the benefit of a certain family client. Each fund invests in a unique sub-asset class strategy. The investors in these private fund(s) are restricted to the family client which established them.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Your account will be managed on the basis of your financial situation and investment objectives and in accordance with any reasonable restrictions imposed by you on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

Stevard does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

## **E. Client Assets Under Management**

As of December 31, 2017, Stevard has \$368,397,829 in discretionary assets under management. We advise on wealth in excess of \$500 million.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Family Office Fee Schedule

Steward's Family Office service fees are negotiable. The initial process of determining a reasonable fee involves understanding what your family would like Steward to do for you. The needs of each family differ; only at the highest levels can one family be compared to another. We take pride in listening to stories of how your family's wealth has grown and your family's goals for that wealth. For some families, we are filling a gap. For others, we serve as the primary "quarterback" of family professionals who are necessary to a smoothly operating wealth management microcosm. Our services extend from back office bill-pay to meetings with family members and their core advisors. Family meetings may be one-on-one, across multiple generations or among family lines. We work with families who continue to own operating businesses, as well as those who have disposed of all or some portion of their business, and with executives who do not have time to manage their family's wealth and lifestyle needs.

Given the broad spectrum of needs and family wealth characteristics mentioned above, an initial assessment will reflect the current complexity of asset diversification, sub-asset classes, forms of ownership, numbers of trusts, business entities, and family members. At the simplest level, an annual retainer of \$25,000 would be required. Steward receives fees in two ways:

1. A percentage of investment assets under management to cover investment management services and basic wealth planning and governance services.

	Percentage of Assets Under Management
First \$10M	0.65%
\$10M - \$30M	0.60%
\$30M - \$50M	0.50%
\$50M - \$100M	0.30%
\$100M - \$200M	0.25%
\$200M +	Negotiable

2. A Family Office retainer that covers investment management and more complex wealth planning and governance services varies widely based on the size and complexity. The details of the engagement are discussed with you following a detailed assessment of your family. Greater complexity and larger families may follow the schedule below:

	Suggested Annual Retainer
2 Family lines, 2 Adult generations, 5 or more trusts and business entities	\$100,000
3 Family lines, 2 Adult generations, 5 or more trusts and business entities	\$150,000
More than above	Negotiable

The initial annual retainer will be reviewed at the end of the first year as well as every year thereafter. The year-end true-up will rebate or assess additional fees on the basis of special projects, unforeseen complexity, etc. Our goal is to make the cost of family wealth management services fair and reasonable.

For special projects and limited engagements, clients may be billed a portion of the agreed-upon fee at the commencement of the engagement with the balance due upon performance milestones and/or completion of the engagement. Stevard professionals track time spent on projects and such time is assessed at hourly rates between \$150 and \$750. If a special project becomes time-significant, progress and costs incurred will be reviewed quarterly.

The initial retainer for special projects and family office services is charged in advance. Investment management fees are charged in arrears. If the new engagement begins or a relationship ends mid-way through a quarter, the fee assessed at the end of the quarter will be prorated. A client advisory agreement may be canceled by either party with 30 days' prior written notice.

#### **A.2. Third-Party Separate Account Manager Fees**

In the event a client engages a third-party sub-manager to manage a unique sub-asset class, that manager typically will assess a fee directly against the portfolios for which they render advice. Stevard will recommend such active managers following a review of alternative solutions managers, mutual funds and exchange-traded funds (ETFs). In the event a client agrees to work with a specialist sub-manager of a particular sub-asset class, such client or Stevard will enter into an advisory agreement with that sub-manager.

#### **A.3. Third-Party Investment Consulting Firm**

Stevard has contracted with Asset Consulting Group, LLC ("ACG") to provide Stevard with certain manager research and due diligence services as well as certain capital markets information. ACG is a Delaware limited liability company and is wholly-owned by Guggenheim Partners, LLC.

ACG provides comprehensive investment consulting and investments supervisory services to taxable and tax-exempt investors such as trusts, endowments, and foundations and other non-profit corporations, insurance company reserves, and corporate, public, Taft-Hartley employee benefit plans, high net worth investors, and estates ("Clients"). ACG has provided investment consulting and investment supervisory services since 1989.

ACG's Clients range in size from approximately \$50 million to several billion dollars, with an average Client size of approximately \$600 million to \$700 million.

Stevard pays for ACG services directly; there is no additional charge to the client for the information ACG provides.

#### **A.4. Private Fund Management**

Fees for private fund management are negotiated with the private fund client and are disclosed in the fund's investment advisory agreement.



## **B. Client Payment of Fees**

Steward requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Steward will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds (ETFs), mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Steward may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. Prepayment of Client Fees**

Steward may require fees to be prepaid for special engagements. Steward's fees will either be paid directly by the client or disbursed to Steward by the qualified custodian of the client's investment accounts, pursuant to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled by either party with 30 days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

## **E. External Compensation for the Sale of Securities to Clients**

Steward advisory professionals are compensated solely through a salary and bonus structure. Steward is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

The majority of clients pay only assets under management fees.

Steward, as Manager of the private funds, does not charge performance-based fees. Rather, it receives an incentive allocation from certain private fund clients.

## **Item 7: Types of Clients**

Steward provides investment advisory services to high net worth individuals, trusts, family LLCs and partnerships, private foundations, family businesses, and other family related enterprises.

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

### **A. Methods of Analysis and Investment Strategies**

Either independently or through its agreement with ACG, Stevard's investment analysis focuses on developing investment themes and identifying and evaluating investment managers and investment products we believe are likely to perform well as these themes develop. We then work to implement investments with the recommended managers/products within the framework of each client's investment policy and market conditions.

We focus our research on identifying investment opportunities where the combination of inefficient markets, differentiated investment strategies, and proficient investment managers create greater possibilities for outperformance net of fees and taxes.

Stevard is cautious when recommending hedge funds due to the general lack of transparency hedge fund managers typically provide, the prevalence of high fees, a tendency toward tax-inefficient trading strategies, and risks that are not generally apparent, including cross-collateralization of liabilities.

Stevard primarily recommends other investment advisers and managed investment products. The independent investment managers or investment products recommended inherently have their own risk factors. Our selection process includes both direct research provided by ACG, such as examining underlying governing documents and offering materials and past audits, the investment team's experience, sophistication and depth, and the firm's operational processes and infrastructure, as well as indirect methods of analysis, such as reference checks and public filings. While we monitor the managers and/or investment products, there is no assurance that our analysis of investment themes or investment managers will be correct, or that our clients' investments with such managers or products will be free of fraud, abuse, or other anticipated or unanticipated risks.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should always be prepared to bear investment loss including loss of original principal.

#### **A.1. Material Risks of Investment Instruments**

Stevard and the managers it typically selects generally engage in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Alternative Investments

#### **A.1.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.1.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.1.c. Exchange-Traded Funds ("ETFs")**

A client may invest in exchange-traded funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indices may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track.

ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons based on the policies of the exchange upon which the ETF trades. In addition, a client may bear, along with other shareholders of an ETF, its pro rata portion of the ETF's expenses, including management fees.

#### **A.1.d. Fixed Income Securities**

The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

#### **A.1.e. Alternative Investments**

We recommend to clients the use of alternative investments such as investments in real estate, Master Limited Partnerships (MLPs), private equity investments or hedge funds. Investments in such "alternative assets" may be illiquid, which may impair the ability of the client to exit such

investments. The underlying investment funds may utilize highly speculative investment techniques, including leverage, highly concentrated portfolios, senior securities positions, control positions and illiquid investments. The underlying investment funds may also utilize derivative instruments to attempt to hedge the risks associated with certain of their investments. Such derivative transactions may expose the assets of such investment funds to the risks of material financial loss, which may in turn adversely affect the financial results of the client. Clients who invest in such investment funds will pay Stevard's advisory fees and those of the underlying investment managers, and certain other fees and expenses of underlying investment funds in which the client invests. Investors in such investment funds may also pay carried interest, performance or incentive allocations to an underlying manager or sponsor of an underlying investment fund in which they invest.

*No Right to Control Third Parties' Investment Products.* We have no opportunity to control the day-to-day operations of the investment managers and investment products we recommend for our clients. Most investment managers have the authority to change the level of risk in their products after clients invest; even if such a change becomes apparent and is troubling to us, it may not be possible or practical for the client to sell such investments.

## **B. Investment Strategy and Method of Analysis Material Risks**

No investment is free of risk. Current and prospective clients are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. Based on the types of investments that we may recommend, all clients should be aware of certain risk factors, which include, but are not limited to, the following:

Investing in securities involves risk of loss that clients should be prepared to bear. An investor may lose money (both principal and any earnings) or fail to make money on an investment. We cannot guarantee that we will achieve a client's investment objectives.

**Highly Volatile Markets.** The prices of financial instruments in which a client may invest can be highly volatile. Price movements of forward and other derivative contracts in which a client may be invested are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. Each client account is subject to the risk of failure of any of the exchanges on which their respective positions trade or of their clearinghouses.

## **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Steward is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) other investment adviser or financial planner, (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) lawyer or law firm, (6) insurance company or agency, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

### **B. Futures or Commodity Registration**

Neither Steward nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Private Funds**

Steward is the Managing Member and investment adviser to several private funds. Private fund(s) exist for the benefit of a certain family client. Each fund invests in a unique sub-asset class strategy. The investors in these private fund(s) are restricted to the family client which established them. There are no conflicts of interest to report. Steward discusses the allocation and the sub-manager picks of each private fund with the fund client before making any purchases or sales of the underlying investments.

#### **C.2. Tax and Accounting Activities**

Christine Sibrava is a Certified Public Accountant and may offer tax and accounting services to Steward clients. Clients are advised that there is a potential conflict of interest in that the firm has an economic incentive to recommend such tax and accounting services. Steward strives to put clients' interests first and foremost, and clients may utilize the tax and accounting services they desire.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Steward's investment recommendations are based on the research of ACG, and its own experience over many years. Steward does not receive a fee, commission, or any other compensatory consideration from any third party managers.



Steward does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.

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

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

In accordance with the Advisers Act, Stevard has adopted policies and procedures designed to detect and prevent insider trading. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Stevard's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Stevard. Stevard will send clients a copy of its Code of Ethics upon written request.

Stevard has policies and procedures in place to ensure that the interests of its clients are given preference over those of Stevard, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Stevard does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory).

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Stevard, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Stevard specifically prohibits. Stevard has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions

- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Stevard's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Steward, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Stevard clients. Stevard will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Stevard to place the clients' interests above those of Stevard and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Steward may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Steward may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Steward is independently owned and operated and not affiliated with custodian. For Steward client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Steward considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Steward, Steward recommends to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Steward will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

Steward seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c. Soft Dollar Arrangements**

Steward does not utilize soft dollar arrangements. Steward does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides Steward with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.e. Other Products and Services**

Custodian also makes available to Steward other products and services that benefit Steward but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Steward's accounts, including accounts not

maintained at custodian. The custodian may also make available to Stevard 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 research, pricing and other market data
- facilitate payment of Stevard's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Stevard manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Stevard personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Stevard may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Stevard. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Stevard.

#### **A.1.g. The Firm's Interest in Schwab's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

## **A.2. Brokerage for Client Referrals**

Steward does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Steward may recommend that clients establish brokerage accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts. Such accounts will be prime broker eligible so that if and when the need arises to effect securities transactions at broker-dealers ("executing brokers") other than with the client's current custodian, such custodian will accept delivery or deliver the applicable security from/to the executing broker. Schwab charges a "trade away" fee which is charged against the client account for each trade away occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients are directed to consult their current custodian for their policies and fees.

Steward, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Steward recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Steward will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders.

### **B.2. Security Allocation**

Steward's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Steward will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients.

Steward's advice to certain clients and entities and the action of Steward for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Steward with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Steward to or on behalf of other clients.

### **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed

and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Stevard believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Stevard acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Stevard determines that such arrangements are no longer in the best interest of its clients.



## Item 13: Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

For those clients to whom Stevard provides investment management services, its managing member performs periodic account reviews that may be in conjunction with the preparation of client's quarterly reports. This informal review may include assessing client goals and objectives, monitoring the portfolios and addressing the need to rebalance. Individual securities held in client accounts will be periodically monitored by Stevard's managing member, while the firm will monitor any selected third-party managers on a quarterly basis. While the underlying securities within client accounts are continually monitored, we review client accounts at least quarterly.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market conditions, or the political or economic environment.

Additional reviews that Stevard may periodically perform on behalf of family office clients include tax-planning, cash-flow needs, as well as charitable giving, insurance, and estate planning. Financial plans are not necessary reviewed periodically for clients for whom we prepare such plans; however, we attempt to meet at least annually with those clients and offer the opportunity to review all financial issues a client may wish to discuss at these meetings or more frequently upon client request.

### B. Review of Client Accounts on Non-Periodic Basis

Stevard may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Stevard formulates investment advice.

### C. Content of Client-Provided Reports and Frequency

Unless otherwise agreed upon, clients are provided with account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Stevard provides investment advisory services will also receive a written report from Stevard that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

Stevard works closely with our clients, with their independent custodians, their trustee organizations and their family offices, if applicable, to design reporting formats that meet their needs and that also hold the recommended third party advisers and managers accountable. Reports vary in frequency depending on the nature of the investment and the needs of the client, but at least on a quarterly basis. We may create additional reports based on the needs of each client. Reports are written and are delivered either electronically or via hard copy.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Stevard.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian(s), Stevard does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

Stevard does not pay for client referrals.

## Item 15: Custody

Steward is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Steward urges its clients to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to engage an independent public accountant to annually conduct a surprise custody exam audit.
- The firm or its affiliate is a managing member or general partner to a private fund vehicle. An independent public accountant performs a surprise custody exam for pooled investment vehicles because the pooled investment vehicle does not maintain its securities with a qualified custodian, and does not obtain an annual financial audit.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Stevard with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. It is Stevard's policy to consult with the client prior to making any changes in their account. With approval, Stevard will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, pursuant to the advisory agreement, Stevard has full authority to retain and terminate third-party investment managers.

## Item 17: Voting Client Securities

Steward does not take discretion with respect to voting proxies on behalf of its clients. Steward will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Steward supervised and/or managed assets. In no event will Steward take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Steward will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Steward has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Steward also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Steward has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Steward receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Steward does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Steward does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.