

## STAGE HARBOR FINANCIAL, LLC



*a Registered Investment Advisor*

100 Lowder Brook Drive, Suite #2500  
Westwood, MA 02090

(781) 934-3130

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Stage Harbor Financial, LLC (“Stage Harbor” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at (781) 934-3130 or by email at [info@stageharborfinancial.com](mailto:info@stageharborfinancial.com).

Stage Harbor is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Stage Harbor to assist you in determining whether to retain the Advisor.

Additional information about Stage Harbor and its Advisory Persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 289725.

## Item 2. Material Changes

Form ADV 2 is divided into two parts: Part 2A (the "Disclosure Brochure") and Part 2B (the "Brochure Supplement"). The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Stage Harbor.

Stage Harbor believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. Stage Harbor encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material change has been made to this Disclosure brochure since the last annual amendment filing and distribution to Clients:

- Effective October 1, 2024, the primary office is now located at 100 Lowder Brook Drive Suite #2500, Westwood, MA 02090
- The Advisor has updated their maximum fee schedule for Wealth Management Services. Please see Item 5 for more details.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 289725. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (781) 934-3130 or by email at [info@stageharborfinancial.com](mailto:info@stageharborfinancial.com).

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## Item 4. Advisory Business

### Firm Information

Stage Harbor Financial, LLC (“Stage Harbor” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a Limited Liability Company (“LLC”) under the laws of the State of Delaware. Stage Harbor was founded in February 2018 and is owned and operated by Andre M. Fernandes (Principal), Matthew D. Biggar (Principal) and William F. LeFavor (Principal). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Stage Harbor.

### Advisory Services Offered

Stage Harbor offers a variety of advisory services, which include financial planning, consulting, and investment management services to individuals, high net worth individuals, trusts, estates, businesses and retirement plans (each referred to as a “Client”). Prior to Stage Harbor rendering any of the foregoing advisory services, Clients generally enter into one or more written agreements with Stage Harbor setting forth the relevant terms and conditions of the advisory relationship.

Stage Harbor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, Stage Harbor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. The Advisor’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Advisor’s Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

### Wealth Management Services

Stage Harbor provides Clients with wealth management services which includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

*Internal Investment Management* – Stage Harbor primarily allocates Client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt securities and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. Less frequently, the Advisor will allocate assets among individual equity securities, structured notes and private funds.

Where appropriate, the Advisor also provides advice about any type of legacy position or other investment held in Client portfolios. Clients can engage Stage Harbor to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Stage Harbor directs or recommends the allocation of Client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Stage Harbor tailors its wealth management services to meet the needs of its individual Clients and seeks to ensure, on a continuous basis, that Client portfolios are managed in a manner consistent with those needs and objectives. Stage Harbor consults with Clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Stage Harbor if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Stage Harbor determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Advisor’s management efforts.

Under certain circumstances, Stage Harbor may accept or maintain custody of Client's funds or securities. Please see Item 15 – Custody for more information.

*Retirement Accounts* – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

*Use of Independent Managers* – As mentioned above, Stage Harbor selects certain Independent Managers to actively manage a portion of its Clients' assets. The Advisor is given discretion to hire and fire the Independent Managers without the Client's prior consent. The specific terms and conditions under which a Client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, Clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Stage Harbor evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Advisor seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its Clients' individual portfolio allocations and risk exposure. Stage Harbor also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Stage Harbor continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Advisor monitors the performance of those accounts being managed by Independent Managers. Stage Harbor seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its Clients' investment objectives and overall best interests.

*Financial Planning and Consulting Services* – Stage Harbor offers Clients a broad range of financial planning and consulting services, which includes any or all of the following functions:

Retirement Planning	Philanthropic Planning	Education Planning
Cash Flow Planning	Financial Risk Mitigation	Estate Planning Strategies
Asset Allocation	Income Tax Strategies	Debt Management

While each of these services are available on a stand-alone basis, certain of them will be rendered in conjunction with investment management services as part of a comprehensive wealth management engagement (described in more detail below).

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

Stage Harbor may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

#### Retirement Plan Advisory Services

Stage Harbor provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

Plan Design and Strategy	Plan Fee and Cost Analysis
Plan Review and Evaluation	Plan Committee Consultation
Executive Planning & Benefits	Fiduciary and Compliance
Investment Selection	Participant Education

As disclosed in the retirement plan advisory agreement, certain of the foregoing services are provided by Stage Harbor as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Advisors' fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **Client Account Management**

Prior to engaging Stage Harbor to provide investment advisory services, each Client is generally required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Stage Harbor, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – Stage Harbor will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.
- Portfolio Construction – Stage Harbor will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Stage Harbor will provide investment management and ongoing oversight of the Client's investment portfolio.

#### **Wrap Fee Programs**

Stage Harbor does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Stage Harbor.

**Assets Under Management**

As of December 31, 2023, Stage Harbor manages \$876,599,462 in Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

**Item 5. Fees and Compensation**

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall generally be required to enter into a written agreement with the Advisor.

**Wealth Management Fees**

Stage Harbor offers wealth management services for an annual fee based on the amount of assets under management. The wealth management fee varies in accordance with the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>MAXIMUM FEE</u>
First \$1,000,000	0.90%
Next \$2,000,000	0.70%
Next \$2,000,000	0.50%
Next \$5,000,000	0.40%
Above \$10,000,000	0.35%

The annual fee is prorated and charged quarterly, at the end of each calendar quarter, based upon the market value of the average daily account balance during the prior calendar quarter. The Advisor may charge an additional fixed fee for the financial planning and consulting fees where those needs are in excess of the asset-based fee.

Additionally, for wealth management services the Advisor provides with respect to certain Client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Stage Harbor may negotiate a fee rate that differs from the fee schedule set forth above.

Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the base 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.

Clients can make additions to and withdrawals from their account at any time, subject to Stage Harbor's right to terminate an account. Additions can be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities or declines to accept particular securities into a Client's account. Clients can withdraw account assets on notice to Stage Harbor, subject to the usual and customary securities settlement procedures. However, the Advisor designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. Stage Harbor may consult with its Clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

The Advisor's fee is exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5 below, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

Wealth management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s]. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by Stage Harbor directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian. Alternatively, Stage Harbor may, in its sole discretion, accept a Client's request to send a separate invoice for direct payment, in which case the Advisor may bill in advance based upon the value of the assets under management on the last day of the previous quarter.

Stage Harbor is compensated for its services at the end of the quarter in which wealth management services are rendered. Either party may terminate the wealth management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's wealth management agreement with the Advisor is non-transferable without the Client's prior consent.

#### **Use of Independent Managers**

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above.

For Client accounts implemented through an Independent Manager, the Advisor and the Independent Manager will each assume the responsibility for calculating and deducting their respective fees from the Client's account[s].

In the event that the Advisor has determined that an Independent Manager is no longer in the Client's best interest, the Advisor will have the discretion to terminate the relationship with the Independent Manager. The terms for termination are set forth in the respective agreements between the Advisor and the Independent Managers.

#### **Financial Planning and Consulting Services**

Stage Harbor charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but typically range from \$3,000 to \$20,000 depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the Client engages the Advisor for additional investment advisory services, Stage Harbor may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the financial planning agreement and Stage Harbor requires one-half of the fee (estimated hourly or fixed) payable upon execution of the financial planning agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. The Advisor does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

Stage Harbor generally requires an advance deposit as described above. Either party may terminate the financial planning agreement by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for the percentage of the engagement scope completed by the Advisor. The Advisor will refund any unearned, prepaid



financial planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

**Retirement Plan Advisory Services**

Stage Harbor charges as fixed project-based fee to provide Clients with retirement plan advisory services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the retirement plan advisory agreement. These fees vary, based on the scope of the services to be rendered and amount of assets to be managed. The fees can be fixed or asset-based.

**Fee Discretion**

Stage Harbor may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy Client relationship (including support Clients provide to the Advisor), account retention and pro bono activities.

**Additional Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Stage Harbor, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The Advisor's recommended Custodian generally does not charge securities transaction fees for ETF and equity trades in Client accounts, but typically charges for mutual funds and other types of investments. The fees charged by Stage Harbor are separate and distinct from these custody and execution fees.

In addition, all fees paid to Stage Harbor for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Stage Harbor, but would not receive the services provided by Stage Harbor which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Stage Harbor to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

**Compensation for Sales of Securities**

Stage Harbor does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

Stage Harbor does not charge performance-based fees for its investment advisory services. The fees charged by Stage Harbor are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Stage Harbor does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## Item 7. Types of Clients

Stage Harbor offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses and retirement plans. Stage Harbor generally does not impose a minimum relationship size; however, certain Independent Managers may impose an account minimum or minimum fee.

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

### Methods of Analysis and Investment Strategies

Stage Harbor builds each Client's portfolio by developing an asset allocation that is driven by the Client's unique goals and the timeframes associated with those goals. Therefore, the first step towards making portfolio recommendations is getting to know the Client and working with them to create their personalized, comprehensive financial plan. After the financial plan has been formed, Stage Harbor recommends portfolios that the Advisor believes are consistent with the Client's investment profile, which includes factoring their risk tolerance, time frame and tax status. After implementation, Stage Harbor believes that tax optimization and portfolio rebalancing can offer meaningful value to Clients.

Stage Harbor's Investment Committee continually reviews its investment platform with the following two focal points:

1. *Strategy Selection:* Stage Harbor selects investment vehicles and strategies that are supported by academic research. The Investment Committee selects non-proprietary, third party investment managers (to mutual funds, ETFs or Independent Managers) through a rigorous process consistent with its investment philosophy. This investment philosophy includes using a core/satellite investment approach combining complementary passive strategies (the core) and active strategies (the satellites). Factors used for selection include fees, tax efficiency, and investment differentiation.
2. *Asset Allocation:* In order to maintain diversified portfolios for its Clients, the Advisor selects investments across a wide range of asset classes, including equities, fixed income and alternative assets. The investment philosophy of the Advisor also maintains that every asset should have a defined purpose. For example, fixed income should generally provide stability and downside protection, equities should strive to provide long-term growth and alternative investments should generally provide non-correlated returns. The Advisor may also maintain an opportunistic sleeve in its portfolios, which adds non-traditional asset classes that the Advisor believes offer higher risk-adjusted return potential.

Stage Harbor believes that maintaining a disciplined investment philosophy that is low cost, tax-efficient and is rooted in the unique facts and circumstances of each Client increases the likelihood of long-term success.

### Risk of Loss

*Market Risks* - Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Stage Harbor's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Stage Harbor will be able to predict those price movements accurately or capitalize on any such assumptions.

*ETF Risks* - The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF

purchased or sold a short time later.

*Mutual Fund Risks* - The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

There are also specific risks to certain types of funds that the Advisor may recommend. For example, Interval Funds only offer redemptions at specific intervals (often quarterly). Interval Funds have less liquidity than traditional mutual funds or ETFs. Other Closed-End Funds may give the Advisor additional opportunities not available in Open-End Funds, but they may have liquidity and trade below their net asset value because they are traded in markets.

*Structured Notes* - Structured notes are securities issued by financial institutions whose returns are based on, among other things, equity indexes, a single equity security, a basket of equity securities, interest rates, commodities, and/or foreign currencies. Thus, returns are “linked” to the performance of a reference asset or index. Structured notes have specific risks that include market risk, an issuance price that is likely higher than the fair value of the note on the date of the issuance, liquidity risk, credit risk, call risk, and a complicated payoff structure.

*Use of Independent Managers*- As stated above, Stage Harbor selects certain Independent Managers to manage a portion of its Clients’ assets. In these situations, Stage Harbor continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers’ ability to successfully implement their investment strategies. In addition, Stage Harbor does not have the ability to supervise the Independent Managers on a day-to-day basis.

*Use of Private Collective Investment Vehicles* - Stage Harbor expects to recommend that certain Clients, in limited circumstances, invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

## **Item 9. Disciplinary Information**

There are no legal, regulatory or disciplinary events involving Stage Harbor or any of its management persons. Stage Harbor values the trust you place in the Advisor. The Advisor encourages all Clients to perform the requisite due diligence on any advisor or service provider with whom the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 289725.

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

### **Insurance Agency Affiliations**

Certain Advisory Persons are licensed as independent insurance professionals. As an independent insurance professional, Advisory Persons may earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by Advisory Persons are separate and in addition to advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of the Advisor who is also an insurance agent has an incentive to recommend insurance products

to Clients for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor.

**Use of Independent Managers**

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

**Dual Investment Advisor Representative**

An Advisory Person of Stage Harbor is also dually registered as investment advisor representative with Hennessy Financial Services. This Advisory Person spends approximately 15% of time providing services through Hennessy Financial Services and the balance with Stage Harbor. These services are performed outside of Stage Harbor's normal business hours.

**Item 11. Code of Ethics****Code of Ethics**

Stage Harbor has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with Stage Harbor ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. Stage Harbor and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Stage Harbor's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (781) 934-3130 or via email at [info@stageharborfinancial.com](mailto:info@stageharborfinancial.com).

**Personal Trading with Material Interest**

Stage Harbor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Stage Harbor does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Stage Harbor does not have a material interest in any securities traded in Client accounts.

**Personal Trading in Same Securities as Clients**

Stage Harbor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Stage Harbor requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

**Personal Trading at Same Time as Client**

While Stage Harbor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically traded after Client orders. At no time will Stage Harbor, or any Supervised Person of Stage Harbor, transact in any security to the detriment of any Client.

## Item 12. Brokerage Practices

### Recommendation of Custodian[s]

Stage Harbor does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Stage Harbor to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Stage Harbor does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where Stage Harbor does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a broker-dealer/custodian not recommended by Stage Harbor. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. Stage Harbor may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation and/or the location of the Custodian's offices.

Stage Harbor will generally recommend that Clients establish their account[s] at Fidelity Clearing & Custody Solutions, a related entity of Fidelity Investments, Inc. (collectively "Fidelity"), a FINRA-registered broker-dealer and member SIPC. Fidelity will serve as the Client's "qualified custodian". Stage Harbor maintains an institutional relationship with Fidelity, whereby the Advisor receives economic benefits from Fidelity. Please see Item 14 below.

*Soft Dollars* – Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. Stage Harbor does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.

*Brokerage for Client Referrals* – Stage Harbor does not receive any compensation from any third party in connection with the recommendation for establishing an account.

*Directed Brokerage* - All Clients are serviced on a "directed brokerage basis", where Stage Harbor will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). Stage Harbor will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

### Aggregating and Allocating Trades

Although Stage Harbor does not typically aggregate or "batch" trades, should a batch trade be in the best interest of Clients, the primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Stage Harbor will execute each transaction through the Custodian designated by the Client. Stage Harbor will seek to execute securities transactions by the close of each business day and will be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client account(s).

## Item 13. Review of Accounts

### Account Reviews

Stage Harbor monitors Client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Advisor's investment committee, Chief Compliance Officer and the Client's respective Advisory Person. All Clients are encouraged to discuss their needs, goals and objectives with Stage Harbor and to keep the Advisor informed of any changes thereto. The Advisor contacts Clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the Client's financial situation and/or investment objectives.

### Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Custodian where their assets are custodied. From time-to-time or as otherwise requested, Clients may also receive written or electronic reports from Stage Harbor and/or an outside service provider, 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 any documents or reports they receive from Stage Harbor or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Other Compensation Received by Stage Harbor

Stage Harbor may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Stage Harbor may receive non-compensated referrals of new Clients from various third-parties.

### Participation in Institutional Advisor Platform

Stage Harbor receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allow Stage Harbor to better monitor Client accounts maintained at Fidelity and otherwise conduct its business. Stage Harbor receives the Support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of Clients (i.e., not "soft dollars"). The Support benefits Stage Harbor, but not its Clients directly. Clients should be aware that Stage Harbor's receipt of economic benefits such as the Support from Fidelity creates a conflict of interest since these benefits can influence the Advisor's choice of Fidelity over another that does not furnish similar software, systems support or services. In fulfilling its duties to its Clients, Stage Harbor endeavors at all times to put the interests of its Clients first and has determined that the recommendation of Fidelity is in the best interest of Clients and satisfies the Advisor's duty to seek best execution.. The Advisor chose Fidelity because it is privately owned and is investing in the advisor industry, its technology, and its local presence in the Advisor's area as well as Client's knowledge of and preferences toward Fidelity.

Specifically, Stage Harbor receives the following benefits from Fidelity: i) receipt of duplicate Client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and iv) access to an electronic communication network for Client order entry and account information.

Fidelity also makes available to the Advisor, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Stage Harbor (within specified parameters). These research and brokerage services are used by the Advisor to manage



accounts for which it has investment discretion.

#### **Compensation for Client Referrals**

The Advisor does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

### **Item 15. Custody**

All Clients must place their assets with a “qualified custodian”. Clients are required to engage the Custodian to retain their funds and securities and direct Stage Harbor to utilize that Custodian for the Client’s security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Stage Harbor to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

In certain instances, Advisory Persons of Stage Harbor serve as trustee for certain Client accounts of Stage Harbor. In one’s role as trustee, an Advisory Person has the authority and ability to transfer assets or securities. As such, Stage Harbor is deemed to have custody over certain Clients’ cash, bank accounts or securities as part of its advisory services, pursuant to securities regulations. Stage Harbor is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which Stage Harbor maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC’s Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>). Clients are encouraged to review the statements received by both Stage Harbor as well as the statements from the trusts and estates banks and custodians.

Additionally, if the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements in these cases, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client’s instructions.

### **Item 16. Investment Discretion**

Stage Harbor generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Stage Harbor. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by Stage Harbor will be in accordance with each Client's investment objectives and goals.

### **Item 17. Voting Client Securities**

Unless designated in writing that the Client is assigning proxy voting responsibilities to Stage Harbor or a third party manager, Clients are responsible for (a) directing the manner in which proxies solicited by issuers of securities will be voted and (b) making all elections relating to mergers, acquisitions, tender offers, bankruptcy proceedings and other events pertaining to the securities. In such instances, Stage Harbor will instruct the custodian to forward copies of all proxies and shareholder communications relating to the assets to the Client.

In instances where Stage Harbor accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its Clients. Absent special circumstances, which are fully-described in the Advisor’s Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in

Stage Harbor's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Stage Harbor to request information about how the Advisor voted proxies for that Client's securities or to get a copy of Stage Harbor's Proxy Voting Policies and Procedures.

A brief summary of Stage Harbor's Proxy Voting Policies and Procedures is as follows:

- Stage Harbor has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of Clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will vote proxies according to Stage Harbor's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Advisor devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Stage Harbor's vote on a particular solicitation but can revoke the Advisor's authority to vote proxies.

In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that Stage Harbor maintains with persons having an interest in the outcome of certain votes, the Advisor takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its Clients and are not the product of such conflict.

## **Item 18. Financial Information**

Stage Harbor is not required to disclose any financial information due to the following:

- The Advisor does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Advisor does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Advisor has not been the subject of a bankruptcy petition at any time during the past ten years.