



# Streeter, Moore & Stipe LLC

## Form ADV Part 2A - Firm Brochure

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The firm also does business under the following business names:

dba: Robert Stephen Capital Management LLC

dba: SMS Financial & Investment Management LLC

This brochure provides information about the qualifications and business practices of Streeter, Moore & Stipe LLC. If you have any questions about the contents of this brochure, please contact Stephen Streeter at 918-481-6262 or [SStreeter@RobertStephen.net](mailto:SStreeter@RobertStephen.net). 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. Being registered as an investment advisor with the SEC does not imply a certain level of skill or training.

Additional information about Streeter, Moore & Stipe LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Firm CRD#118588

## ITEM 2 MATERIAL CHANGES

Effective March 20, 2024, Robert B. Morris was named the CCO of Robert Stephen Capital Management. There have been no other material changes to this Brochure since our last update.

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## **ITEM 4      ADVISORY BUSINESS**

### **A.    Description of Business and Ownership**

Streeter, Moore & Stipe L.L.C. ("SMS"), founded in 1997, is an independently operated investment advisory firm registered with the U.S. Securities and Exchange Commission (SEC). We are a partnership LLC principally owned by Stephen H. Streeter which was established in the State of Oklahoma.

SMS provides a platform for our investment adviser representatives (IARs) to provide services to their clients that best fit the IAR's skill and expertise. IARs may utilize business names and corporate structures that differ from SMS for marketing purposes (see the "doing business as" names on the cover page). SMS does not have any ownership interest in the IAR's trade name or other corporate structure.

Our IARs offer financial planning as well as personalized investment advice. Their investment advice is mainly focused on building a diverse portfolio of mutual funds, ETF's and/or individual stocks and bonds.

### **B.    Advisory Services Offered**

We provide Portfolio Development and Monitoring and Financial Planning and Consulting Services.

#### **1. Portfolio Development and Monitoring**

The client can engage SMS to provide discretionary and/or a non-discretionary investment advisory service on a fee basis. Through discussions with each client, goals are established based on the client's financial objectives, circumstances, time horizon and tolerance for risk. Portfolio development is guided by the stated objectives of the client (i.e., aggressive growth, growth with some income, balanced, income with some growth and income). Each account/portfolio is designed to meet a specific investment goal which the client and IAR have determined is suitable. Once an objective has been determined, the account/portfolio is reviewed periodically.

Clients are responsible for notifying SMS of changes to their financial objectives, circumstances, time horizon, tolerance for risk and/or restrictions.

#### **2. Financial Planning and Consulting Services**

SMS offers financial planning services. We gather information and documents through personal interviews and/or our Financial Planning Questionnaire. The information gathered includes, but is not limited to, a client's current financial status, future goals, and attitudes towards risk. With this information, we prepare a financial plan designed to help our clients achieve their stated financial goals and objectives.

Financial plans may address, but are not limited to, the following areas of concern as needed and/or requested by the client:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax and Cash Flow: Income tax and spending analysis and planning for past, current and future years.
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve their retirement goals.
- Investments: Analysis of investment alternatives, risk tolerance, time horizons and the effect on a client's portfolio.

Financial planning advice is not contingent upon product sales of any kind. Implementation of the recommendations in the financial plan is entirely at the client's discretion. Clients have the option to purchase investment products that SMS recommends through other stockbrokers, investment advisers or insurance agents that are not affiliated with SMS or its representatives. We suggest that clients consult with their attorney, accountant, insurance agent, adviser, or stockbroker.

Financial Planning engagements are considered complete at the delivery of the written financial plan. Upon request, clients may contract to have the financial plans reviewed.

It is the client's responsibility to promptly notify SMS if there is a change in their financial situation or investment objectives for reviewing, evaluating, or revising previous recommendations or services.

We provide consulting services to discuss financial issues when you do not need a full written financial plan. These can be conducted on a one-time or as needed basis.

### **C. Client Needs and Restrictions**

We tailor our services to the individual needs of our clients. Clients may place reasonable restrictions on the types of investments to be held in their portfolios, including but not limited to limiting the types/amounts of specific securities purchased for their account, excluding, limiting, or proscribing the purchase of inverse and/or leveraged securities, margin and/or options. We will consider the restriction reasonable if, in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client's assets in accordance with the guidelines for that client's account. Reasonable restrictions, including special instructions and limitations, regarding the investment and management of the account must be provided in writing.

Clients are responsible for notifying SMS of changes to their financial objectives, circumstances, time horizon, tolerance for risk and/or restrictions.

### **D. Wrap Fee Programs**

SMS does not participate in a wrap fee program.

## E. Sub-Advisory Agreements

SMS utilizes an independent third-party investment adviser to aid us in the implementation of investment strategies for your portfolio. In certain circumstances, we allocate a portion of a portfolio to an independent third-party investment adviser ("separate account manager") for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire a separate account manager or enter into an agreement with you and a separate account manager for the management of those securities.

## F. Third Party Managers(TPM)

SMS may also provide investment advice and recommendations on the investment strategies of third-party investment advisers. SMS may help facilitate your enrollment in the desired third-party management program but does not provide supervision or management of your assets while invested with a TPM. SMS client agreements which are in conjunction with a TPM program are on an non-discretionary basis. Managers may be evaluated by SMS for client use. TPM services may include assisting you in identifying your investment objectives and matching personal and financial data with Managers that we view as appropriate for your objectives. You will work with your Investment Adviser Representatives ("IAR") in reviewing TPM programs and you will have final authority to select a manager. The IAR may assist you in completing appropriate documents.

SMS IARs assist clients with identifying their risk tolerance and investment objectives. IARs will recommend TPMs in relation to the stated investment objectives and risk tolerance. A client may select a recommended TPM based upon the client's needs. Client will enter into an agreement directly with the unaffiliated third-party Manager who shall provide asset management services and will manage the client's account in accordance with the disclosures set forth in the third-party investment advisor's documents.

Managers selected for your investments under TPM need to meet criteria established by SMS. Among the criteria that may be considered are the manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process. Each Client must have a profile that matches the Manager's stated objectives.

You are advised and should understand that: **A Manager's past performance is no guarantee of future results;**

- There is a certain market and/or interest rate risk which may adversely affect any Manager's objectives and strategies and could cause a loss in a Client's account(s).
- Client risk parameters or comparative index selections provided to SMS are guidelines only and there is no guarantee that they will be met or not be exceeded.

SMS IARs shall be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third-party investment advisors. Third-party investment advisors may take discretionary authority to determine the securities to be purchased and sold for the client. SMS's policy is that SMS IAR's nor its associated persons execute trades with respect to clients' managed account with the third-party investment advisor(s).

All accounts are managed by the selected Manager and SMS does not have any discretionary trading authority with respect to such accounts. Information collected by our firm regarding Managers is believed to be reliable and accurate but SMS does not necessarily independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and SMS. SMS does not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to SMS or through the consulting service utilized by the Manager.

SMS may enter into agreements with various independent, third-party investment advisers. Under these agreements, SMS may offer clients various types of programs sponsored by these advisers. All third-party investment advisers to whom SMS will refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission.

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity-based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums will be disclosed in the third-party investment advisor's Form ADV or similar Disclosure Brochure.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement

Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations;
- Never put our financial interests ahead of yours when making recommendations;
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

For more information about our conflicts of interest, please review items 5, 10, 11 and 14 or reach out to us using the contact information on the cover page of this brochure.

## **G. Assets under Management**

As of July 31, 2023, SMS has \$9,325,753 in non-discretionary assets under management and \$214,672,332 in discretionary assets under management for total assets under management of \$223,998,085.

## ITEM 5 FEES AND COMPENSATION

### A. Fee Description and Schedule

#### 1. Portfolio Development and Monitoring

Our clients pay SMS a fee for its portfolio development and monitoring services. The annual fee is based upon the level and scope of the overall services to be provided taking into consideration various objective and subjective factors, including, but not limited to: the amount of the assets placed under management; level of active investment management; whether the account is discretionary or non-discretionary; the scope of financial planning and consulting services; titling and composition of the client's account(s); the complexity of the engagement. The fee is charged quarterly in arrears and is based upon a percentage of the market value, including cash and cash equivalents, (as calculated by the account custodian) of all assets in the account on the last day of each calendar quarter.

| Standard Flat Fee Schedule for Discretionary Accounts |            |
|---|------------|
| Assets under Management                               | Annual Fee |
| Less than \$500,001                                   | 1.5%       |
| More than \$500,001 and less than \$1,000,001         | 1.25%      |
| \$1,000,001 or higher                                 | 1.0%       |

This is a flat fee (vs. tiered) schedule. Certain accounts pay a higher fee that will not exceed 2.00% per annum. Fees are negotiable with your IAR and accounts within a household (as defined by SMS and/or the IAR) may be grouped together at our discretion to achieve a lower fee. Fees are specified in detail in each client's investment advisory agreement.

#### 2. Financial Planning and Consulting Services

Clients are generally required to enter a separate financial planning agreement with SMS setting forth the terms and conditions of the engagement. The IARs of SMS charge fees of \$100-

\$300 per hour for preparation of a written financial plan and for consulting services. The number of hours required to complete a written financial plan and to provide consulting services will depend on the complexity of the case and will be negotiated with the client prior to engagement.

Financial Planning and Consulting services, generally, are paid in two installments: one-half of the estimated fee at the commencement of the planning process with the balance due upon delivery of a financial plan. Upon delivery of the financial plan, the fixed fee is considered earned by SMS and any unpaid amount is immediately due.

Implementation of the recommendations in the financial plan is entirely at the client's discretion. Clients have the option to purchase investment products that SMS recommends through other stockbrokers, investment advisers or insurance agents that are not affiliated with SMS or its representatives.



However, the client may choose to implement the recommendations in the financial plan through IARs of SMS. The financial plan may include recommendations to purchase insurance products. Certain IARs of SMS are licensed to sell insurance products and will receive a commission on the sale. This is a conflict of interest. We mitigate this conflict by disclosing the relationship to our clients, by conducting our operations in accordance with our fiduciary duty and by following our firm's code of ethics.

These services and insurance products may be available from other firms at lower fees. All clients and prospective clients should be guided accordingly.

## **B. Fee Deduction**

### **1. Portfolio Development and Monitoring**

Most of our clients authorize SMS to instruct the client's custodian to deduct these fees from the account(s) that SMS manages. Fees are deducted quarterly. Clients are encouraged to review the fees charged for accuracy, as the qualified custodian will not verify the accuracy of the fee deducted.

At our discretion, clients may also pay these fees by check within 30 days of receipt of an invoice.

### **2. Financial Planning and Coaching Services**

#### **Financial Planning**

These fees are not deducted from client accounts. They are paid by check in two installments: one-half of the estimated fee at the commencement of the planning process with the balance due upon delivery of a financial plan.

#### **Hourly Investment and Coaching Services**

These fees are either paid by check or may be deducted from client custodian accounts upon receiving written authorization from client. In isolated cases, fees may be payable in installments with permission of SMS.

## **C. Other Fees and Expenses**

**Mutual Funds and Exchange Traded Funds.** Our clients pay SMS a fee for its portfolio development and monitoring services. The fee will be a percentage of the market value of all assets in the account (as calculated by the account's custodian) on the last day of each calendar quarter. In calculating this fee, clients understand that account assets invested in shares of mutual funds, exchange traded funds (ETFs) or other investment companies will be included for purposes of computing portfolio development and monitoring fees.

These same assets will also be subject to additional advisory and other fees/expenses, as set forth in the prospectuses of those funds, paid by the funds but ultimately borne by the investor. These third-party fees include but are not limited to: a management fee, and other fund expenses, . If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge.

**Brokerage and Custodian Expenses.** SMS's fee for its portfolio development and monitoring services

does NOT include: brokerage commissions, transaction fees, exchange fees, markups or markdowns, trade away costs, wire transfer, electronic fund transfer fees, margin interest or account fees, ticket charges, other fees, and taxes on brokerage accounts. Third parties will charge fees for brokerage (Broker) services and for custody of assets (Custodian), which may be the same firm. These expenses are charged separately. See section Item 5.E Compensation for the Sale of Securities and or Other Investment Products, Item 12 Brokerage Practices and Item 15 Custody for additional information.

## **D. Fee Payment Frequency, Timing, and Refunds**

### **1. Portfolio Development and Monitoring**

Generally, the portfolio development and monitoring fee is paid quarterly in arrears. However, certain clients, as detailed in their investment advisory agreement, pay fees quarterly in advance. Fees are prorated based on the number of days of service provided during each billing period.

Clients may terminate their investment advisory agreement by written notice to SMS. Clients are obligated to pay the fee pro-rated through the date of termination.

### **2. Financial Planning and Consulting Services**

If a client cancels a financial planning and/or consulting service engagement within the first 5 days, all prepaid fees are fully refunded. If a client cancels a financial planning and/or consulting services engagement after the first 5 days, the client will be entitled to a pro-rata refund or SMS will be entitled to a pro-rata payment based on the percentage of work completed.

## **E. Compensation for the Sale of Securities or Other Investment Products**

Providing our clients with purchasing options presents conflicts of interest in certain circumstances, as fully described below. We mitigate these conflicts by disclosing the payments and relationships to our clients, by conducting our operations in accordance with our fiduciary duty and by following our firm's code of ethics.

### **1. Brokerage Fees and Commissions**

SMS maintains two alternative custodian/brokerage arrangements for our clients and our representatives. The options are Raymond James and Fidelity. Our representatives will explain the services available and relative merits and drawbacks under each of these arrangements. As part of each investment advisory agreement for portfolio development and monitoring services, a client will receive a schedule which lists the fees/charges assessed by each of the custodians/brokers. All fees charged by the custodian/broker are subject to change. SMS clients are responsible for all custodial and trade related costs.

#### ***Raymond James***

Client accounts held at Raymond James will be subject to the brokerage and/or custodial charges as assessed by the broker/custodian. The IAR will have no discretion as to the payment of these charges and will not receive any portion of these fees.

## *Fidelity*

Client accounts held at Fidelity will be subject to the brokerage and/or custodial charges as assessed by the broker/custodian. The IAR will have no discretion as to the payment of these charges and will not receive any portion of these fees.

## **2. Insurance**

Certain of our IARs are licensed to offer fixed and variable insurance products for which they receive commissions from the insurance companies through an independent insurance agency.

SMS reminds clients that they have the option to purchase investment products that we recommend through other brokers, advisers or agents that are not affiliated with SMS.

It is important that you understand clearly the charges associated with trading in your account and the conflicts of interest that exist, so do not hesitate to direct any inquiries to your SMS representative and/or Stephen Streeter, who is SMS's Chief Compliance Officer.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SMS charges a performance-based fee on certain client accounts in addition to an asset-based fee. SMS also manages accounts that are charged only an asset-based fee. A conflict of interest exists when SMS manages both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee. SMS has an incentive to favor accounts for which SMS receives a performance-based fee. SMS mitigates this conflict by disclosing the performance-based fees to our clients, by conducting our operations in accordance with our fiduciary duty and by following our firm's code of ethics.

## **ITEM 7 TYPES OF CLIENTS**

Generally, SMS provides investment advisory services to individuals and high net worth individuals (together with the entities they may utilize such as trusts, estates, limited liability companies, etc.), pension and profit sharing plans, foundations and charities and other institutional clients. The preferred minimum account size is \$250,000 for portfolio development and monitoring services. There is no minimum account size for providing financial planning and consulting services. The minimum account size is negotiable based on certain criteria such as anticipated future earning capacity, anticipated future additional assets, related accounts, or negotiations with the client.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF**

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

SMS utilizes the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making

financial forecasts)

- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

SMS utilizes the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Trading (securities sold within thirty (30) days)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

## **B. Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. SMS does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that SMS may use, or the success of SMS's overall management. Clients understand that investment decisions made for the client's account by SMS are subject to various market, currency, economic, political, and business risks, and that those investment decisions will not always be profitable.

Every method of analysis has its own inherent risks. To perform market analysis SMS must have access to current/new market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to SMS, certain analyses may be compiled with outdated market information, severely limiting the value of the analysis. Furthermore, market analysis can only produce a forecast of the direction of market values.

There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities. Our primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs and taxes when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but can incur higher transaction costs and taxes when compared to a short-term investment strategy

and could have substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, we may also implement and/or recommend the use of options transactions. Each of these strategies has a high level of inherent risk.

The use of option transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by SMS shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio.

**Please Note:** Although, generally, the intent of the options-related transactions implemented by SMS is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. Due to this heightened risk, client may direct SMS, in writing, not to employ any or all such strategies for their accounts.

### C. Risks by Security Type

Currently, SMS primarily invests client assets among various stocks, bonds, mutual funds ("MFs") and exchange traded fund ("ETFs") as part of an allocation strategy on both a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Financial Risk: which is the risk that the companies we recommend to you perform poorly, which Investing in Stocks involves the assumption of risk including: affect the price of your investment.

- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities we recommend to you.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.
- Political and Governmental Risk: which is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

Investing in Bonds involves the assumption of risk including:

- Interest Rate Risk: which is the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: which is the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk: which is the risk that a bond issuer is unable to pay the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

Exchange Traded Funds (ETFs) may be used as a means of carrying out an investment strategy. As with traditional mutual funds, ETFs charge asset-based fees, although these fees tend to be relatively low. ETFs are traded on stock exchanges or on the over-the-counter market. ETFs generally do not charge initial sales charges or redemption fees and investors typically pay only customary brokerage fees to buy and sell ETF

shares. An investment in an ETF generally presents the same primary risks as an investment in a conventional mutual fund (i.e., one that is not exchange traded) that has the same investment objectives, strategies, and policies. The price of an ETF can fluctuate up or down, and a client account could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to the following risks that do not apply to conventional mutual funds:

- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities we recommend to you;
- An active trading market for an ETF's shares may not develop or be maintained; or
- Trading of ETFs shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Mutual Funds are managed independently of a client's account and incur additional fees and/or expenses which are borne indirectly by the client's account in connection with any such investment. There is also a risk that a fund manager will deviate from the stated investment strategy of the fund making it less suitable. Additionally, these investments are subject to the same risks as the underlying investments.

Investments may include leveraged and/or inverse MFs and/or ETFs.

Leveraged and/or Inverse MFs/ETFs are products that have more risk and features that are different in nature than other types of MFs/ETFs. They are complex financial instruments. A leveraged MFs/ETFs generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks. An inverse MF/ETF (also called "short" funds) generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse MFs/ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Most leveraged and inverse MFs/ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Performance of these MFs/ETFs over a period longer than one day can differ significantly from their stated daily performance objectives. SMS may use these products as part of a trading, allocation or hedging strategy which may involve holding periods substantially longer than the one day for which these products were designed.

There can be **no assurance** that any such strategy will prove profitable or successful. Due to this heightened risk, a client may direct SMS, in writing, not to employ any or all such strategies for their accounts.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 spread (and is currently spreading) around the world since its initial emergence in China in December 2019 and severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter

into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

Geopolitical Risk: Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

## **ITEM 9 DISCIPLINARY INFORMATION**

SMS does not have any material legal or disciplinary events to disclose.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Insurance Products**

Certain IARs are licensed to offer fixed and variable insurance products for which they will receive commissions from the insurance companies through an independent insurance agency.

### **B. Conflicts of Interest**

Being registered as an IAR and an insurance agent presents a conflict of interest because our IAR has an incentive to recommend insurance products based on the commissions received. We mitigate this conflict by disclosing the relationship to our clients, by conducting our operations in accordance with our fiduciary duty and by following our firm's code of ethics.

## **ITEM 11 CODE OF ETHIC, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Summary of Code of Ethics**

SMS's Code of Ethics ("Code") has been designed to comply with the requirements of the Investment Advisers Act of 1940 Rule 204A-1. Among other things, the Code (i) requires that all employees comply with applicable federal and state securities laws, (ii) requires that access persons submit to SMS reports containing their personal securities holdings and transactions in reportable securities, and that SMS review such reports, (iii) requires access persons to obtain pre-approval of certain personal investments; and (iv) contains policies and procedures designed to prevent the misuse of material, non-



public information.

SMS will provide a copy of its Code of Ethics to a client or prospective client upon request.

## **B. Participation or Interest in Client Transactions & Personal Trading**

SMS and/or individuals associated with SMS may buy or sell securities for their personal accounts which are identical to those recommended to clients. Additionally, SMS and/or individuals associated with SMS may have an interest or position in a security(ies) which may also be recommended to client. These situations represent a conflict of interest, SMS has established the following restrictions:

- A director, officer, or employee of SMS shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived in whole or part because of his/her employment unless the information is also available to the investing public on reasonable inquiry.
- No director, officer, or employee may purchase or sell any security prior to a block transaction being implemented for advisory account(s). However, they may participate in block trades with clients.
- A director, officer or employee of SMS shall not prefer his/ her own interest to that of advisory clients.

These restrictions are in the Code of Ethics reporting requirements.

## **ITEM 12 BROKERAGE PRACTICES**

### **A. Selecting and Recommending Brokers**

We recommend that our clients use third party registered broker-dealers, members FINRA/SIPC, as qualified custodians ("custodians"). SMS is independently owned and operated and is not affiliated with our custodians. The custodians hold client assets in a brokerage account, variable annuity, and/or variable life insurance policy. While we recommend that you use certain firms as your custodian, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not open an account for you, although we may assist you in doing so. Generally, we execute transactions through your custodian. However, in accordance with our duty of best execution, we may use other brokers to execute trades for your account as described below. We seek to recommend custodians/brokers that will hold your assets and execute transactions on terms that are the most favorable for a transaction based on all relevant factors. We consider a wide range of factors in making this recommendation. SMS conducts periodic reviews of the broker-dealers made available to SMS clients and may recommend changes in a brokerage arrangement if it determines that it cannot satisfy its obligation to achieve best execution for client transactions through a broker- dealer.

SMS maintains two custodian/brokerage arrangements for our clients and our representatives. The options include Raymond James and Fidelity. Our representatives will explain the services available and relative merits and drawbacks under each of these arrangements. As part of each investment advisory agreement for portfolio development and monitoring services, a client will receive a schedule which lists the fees/charges assessed by each of the custodians/brokers. All fees charged by the



custodian/broker are subject to change. SMS clients are responsible for all custodial and trade-related costs.

### 1. Research and Soft Dollar Practices

Services provided to us by our custodians include research (including mutual fund research, third-party research, and proprietary research), brokerage, custody, access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, custodians makes available software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, including market data services, and other market data, assist with contact management, facilitate payment of fees to the firm from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and client reporting. Custodians may also provide access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support. Many of these services may be used to service all or a portion of the firms' accounts, including accounts not maintained at Raymond James or Fidelity.

### 2. Client Referrals

SMS does not receive client referrals from broker-dealers. Referrals are not a factor in selecting broker-dealers.

### 3. Directed Brokerage

SMS does not routinely allow clients to direct brokerage practices, even though we are able to do so. If a client is directing brokerage, we may be unable to obtain the favorable execution of client transactions and transactions may be more costly for clients.

Clients may request in writing that brokerage transactions be directed to a particular broker-dealer/custodian. However, if an IAR cannot use that broker-dealer/custodian they will not be able to accept the account.

### 4. Trade Aggregation

An IAR may determine that his/her clients should purchase/sell the same investment opportunity at the same time. In these situations, the IAR may aggregate the trades for eligible client accounts. This practice is also referred to as "block trading." Although the custodians used by SMS do not provide volume discounts on trade execution costs, block trading provides streamlined execution and gives the IAR's clients (included in the block trade) the average price. Some clients will receive a better price, others worse than if the trades had been entered individually.

**Note:** Clients who have not provided discretionary authority to SMS will likely not be included in block trades because the IAR must contact such clients before they can enter trades for their accounts. As a result, on the occasions where an IAR decides to take the same action on a security for all clients, these clients may receive share prices that are better or worse than other SMS clients who have granted SMS discretionary authority.

There is no obligation to include any account in a block trade unless the IAR believes it is in the

client's best interest. In making this determination, the IAR may consider a number of factors, including, but not limited to: (a) the client's investment objectives and policies; (b) investment guidelines; (c) liquidity requirements; (d) legal or regulatory restrictions; (e) tax considerations; and (f) the nature and size of the blocked order.

SMS' directors, officers, and employees may participate in block trades with clients. The overarching principle is that no client is intentionally favored over another client that is similarly situated.

## **ITEM 13 REVIEW OF ACCOUNTS**

### **A. Portfolio Development and Monitoring**

Account reviews are provided on a periodic basis but can be as often as quarterly. Account reviews are conducted by SMS' IARs. Reviews outside of the normal review cycle may be triggered at the request of the client or when market conditions or global events warrant a review.

Account custodians provide statements to clients, at least, quarterly which show holdings and account activity since the prior report. Clients are encouraged to participate in meetings with advisor to discuss and review their accounts. SMS IARs may provide additional reporting quarterly. Clients are urged to compare the information provided in the SMS reports to custodial account statements.

### **B. Financial Planning and Consulting**

Generally, financial planning engagements are complete when the IAR delivers the financial plan. Upon the request of a client, a financial plan will be reviewed. Reviews are conducted by the IARs.

Clients are furnished with updated net worth statements, tax projections, estate planning, budgeting and cash flow when requested.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Compensation from Third Parties**

We receive a portion of the advisory fees charged on accounts referred to unaffiliated investment managers.

### **A. Compensation for Referrals**

SMS compensates third parties for client referrals. SMS has no agreements in place at this time.

## **ITEM 15 CUSTODY**

Based upon SEC rules and regulations, SMS has custody of client investment advisory accounts because SMS is authorized by our clients to deduct our portfolio development and monitoring fees directly from investment advisory accounts. SMS is deemed to have custody of client assets pursuant to standing letters of authorization ("SLOA") or other similar asset transfer authorization arrangements established by clients with qualified custodians. In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to the annual surprise independent accountant examination. SMS has procedures in place to ensure all client funds and

securities are held at a qualified custodian including Raymond James or Fidelity, or with respective mutual fund companies. The qualified custodian sends account statements directly to clients, at least, quarterly. Clients are urged to carefully review these statements and compare any report provided by our IARs against those received from the Custodians.

## **ITEM 16 INVESTMENT DISCRETION**

SMS offers discretionary and non-discretionary portfolio development and monitoring services. Prior to us assuming discretionary trading authority over a client's account, the client is required to execute a discretionary investment advisory agreement, granting authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients who engage SMS on a discretionary basis can, at any time, impose reasonable restrictions, in writing, on our discretionary authority. Please see Item 4 -

Advisory Business, Section C.

Clients who choose to use our services on a non-discretionary advisory basis must be willing to accept that we cannot enter any transactions without obtaining prior written or verbal consent from the client. This raises the possibility that our actions and results for non-discretionary clients may vary from those of discretionary clients. This also means that a non-discretionary client will not be included in "block trades" and may therefore receive different prices than discretionary clients included in block trades for same day transactions in the same security.

## **ITEM 17 VOTING CLIENT SECURITIES**

SMS investment advisory agreement specifically states that the firm does not have the authority to vote proxies. Clients will receive their proxies or other solicitations directly from their custodians. Clients may contact SMS or their IAR to discuss any questions they may have about a solicitation.

## **ITEM 18 FINANCIAL INFORMATION**

### **A. Balance Sheet**

SMS does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

### **B. Financial Condition**

SMS has no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.