

# STONECREST ADVISORS, INC.

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**March 15, 2024**

**PART 2A - APPENDIX 1  
WRAP FEE PROGRAM BROCHURE**

This wrap fee program brochure provides information about the qualifications and business practices of Stonecrest Advisors, Inc.. If you have any questions about the contents of this brochure, please contact us at (866) 342-1069 or by email at: [djones@stonecrestpartners.com](mailto:djones@stonecrestpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Stonecrest Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Stonecrest Advisors, Inc.'s CRD number is: 142095.

Stonecrest Advisors, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. Please see Item 2 in our ADV 2A for details on material changes.

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## **Item 4 Services Fees and Compensation**

### **Description of Firm**

Stonecrest Advisors, Inc. is a registered investment adviser based in Austin, TX. We are organized as a corporation under the laws of the State of Florida.

### **Description of Services and Fees**

Stonecrest Advisors participates in and sponsors a wrap fee program, which allows Stonecrest Advisors to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule ranges from 0.50% to 2.0% and is tiered based upon assets under management.

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee set forth in the investment advisory agreement signed upon entering into the advisory relationship. We use the last day of previous month for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client's accounts through the qualified custodian with client written authorization. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account at the same time a copy is sent to you. The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm. Fees are paid monthly in advance. Refunds are given on a prorated basis, based on the number of days remaining in the billing period on the effective date of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the effective date of termination. (\*The daily rate is calculated by dividing the annual fee by 365).

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with 30 days written notice.

### **Withdrawal of Assets**

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

### **Additional Fees**

You will not have to pay for transaction or trading fees. However, you are still responsible for all other account fees, such as annual IRA fees to the custodian, postage/confirm fees, transition fees if the account is moved to another broker, or mutual fund fees.

### **Contribution Cost Factors**

Currently, we do not offer non-wrap accounts and we believe the above stated fee schedule for our management services is competitive to non-wrap programs offered elsewhere. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should

compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.

- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing such advisory, brokerage, and custodial services separately from another adviser other advisers or broker-dealers.
- Stonecrest Advisors may use sub-advisers to manage all or a portion of your account.

### **Compensation of Client Participation**

Neither Stonecrest Advisors, nor any representatives of Stonecrest Advisors receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, Stonecrest Advisors may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5 Account Requirements and Types of Clients**

We offer investment advisory services to individuals (other than high net worth individuals) and high net worth individuals.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## **Item 6 Portfolio Manager Selection and Evaluation**

### ***Review of Performance Information***

Stonecrest Advisors reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed monthly and is reviewed by Stonecrest Advisors.

### **Related Persons**

Stonecrest Advisors and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses Stonecrest Advisor's management of the wrap fee program. However, Stonecrest Advisors addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **Advisory Business**

Stonecrest Advisors offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

### ***Portfolio Management***

Stonecrest Advisors offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Stonecrest Advisors creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and

risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management includes, but is not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Stonecrest Advisors evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Stonecrest Advisors will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. Stonecrest Advisors will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Stonecrest Advisors has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, Stonecrest Advisors will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

#### ***Performance-Based Fees and Side-By-Side Management***

Stonecrest Advisors does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### ***Services Limited to Specific Types of Investments***

Stonecrest Advisors generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, insurance products including annuities, and government securities. Stonecrest Advisors may use other securities as well to help diversify a portfolio when applicable.

#### ***Client Tailored Services and Client Imposed Restrictions***

Stonecrest Advisors offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client's specific objectives and financial circumstances.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

#### ***Wrap Fee Programs***

Stonecrest Advisors sponsors and acts as portfolio manager for this wrap fee program. Stonecrest Advisors manages the investments in the wrap fee program.

### ***Amounts Under Management***

Stonecrest Advisors has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$54,158,563	\$78,360,866	February 15, 2023

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

The main sources of information the Advisor uses are financial newspapers, magazines, financial television programs, research reports prepared by other people (industry analysts), corporate rating agencies (for example: Moody's and S&P), annual stock reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

The main investment strategy involves long term purchases (securities purchased and held for longer than 1 year) and short term purchases (securities owned for less than a year). The Advisor will also use trading strategies (securities sold within 30 days) when appropriate, margin transactions (borrowing money from the custodian) as well as option trading strategies. The option strategies will include covered options, uncovered options and uncovered options or spreading strategies. All of these strategies will not be used for each individual client. The main strategy of the Advisor is long term and short term purchases and they carry less inherent risks than some of the other strategies.

The investment advice provided along with the strategies we suggest will vary depending on each client's specific needs, goals and objectives. Investing in securities involves risk of loss that may include up and to complete loss of principal and clients should be prepared to bear loss.

As part of our portfolio management services, we may use model portfolios developed by Envestnet, Inc. or another sub-advisor to manage all or a portion of your account on a discretionary basis to the extent we determine it is a suitable recommendation based on your objectives. We may select one or more model portfolios to manage your account. We will regularly monitor the performance of your accounts sub-managed by Envestnet, Inc. or another sub-adviser(s). We do not have discretion to hire and fire any sub-advisors without client consent. Prior to introducing clients to another investment adviser, we will ensure the other investment adviser is properly licensed, noticed filed, or exempt from registration with the state you are domiciled in. We have the discretion and authority to re-allocate your assets at any time.

The following brief explanation of risk does not disclose all risks or all significant aspects of investing in financial markets but is included to give you an idea of the agreement you are entering in and the extent of your exposure to risk. Certain investment strategies may not be suitable for all members of the public. You should carefully consider whether the strategies employed will be appropriate for you when you consider your experience, objectives, financial situation, risk tolerance and other relevant circumstance regarding your situation.

### **General Investment Risk**

All investments come with the risk of losing money. Investing involves substantial risk, including complete possible loss of principal plus other losses and may not be suitable for everyone. Investments, unlike accounts at the bank, are not insured by the government to protect against market losses. Different market instruments have different types and degrees of risk and you should familiarize yourself with the different types of instruments you are invested in or may be invested in.

**Loss of Value**

There can be no assurance that a specific investment will achieve its objectives or goal and past performance is not a guarantee of future performance. The value of investments will rise and fall with the fluctuation of the market and the underlying securities performance. Investments may not recoup the original amount invested and may be affected by changes in exchange, tax laws, foreign and domestic policy and government, economic or monetary policies.

**Interest Rate Risk**

Individual fixed income securities as well as funds that invest in bonds and other fixed income instruments may fall in value if interest rates change. Generally, the prices of debt securities fall when interest rates rise and the prices of debt securities rise when interest rates fall. As a general rule long term securities are more sensitive to these changes than short term.

**Credit Risk**

Investments in bonds and other fixed income securities are subject to the risk of the issuer (s) not making the required interest payments as well as not paying back the capital upon maturity. An issuer suffering an adverse change in its financial situation could have their credit rating lowered leading to greater volatility in the price of the security. Usually, the lower the credit rating the greater the volatility of the price as well as less liquidity when a holder wishes to sell their position.

**Foreign Exchange Risk**

Foreign investments may be affected favorably or unfavorably by changes in the exchange rate as well as the regulations regarding currency. Changes in the exchange rate can affect the interest, dividends as well as principal of individual foreign securities as well as foreign investment funds. These changes can happen because of economic changes, geopolitical change, natural disasters and other things that may not appear to be directly tied to the underlying securities.

**Options Trading Risk**

Investments in options contracts have the risk of losing value in a short period of time. They can lose 100% of their investment as well as certain transactions have the potential for unlimited loss. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying investment. This leverage has a compounding effect on gains or losses.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Voting Client Proxies**

Stonecrest Advisors will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.



## **Item 7 Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

### **Privacy Notice**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

## **Item 8 Client Contact with Portfolio Managers**

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account. You should contact your advisory representative with respect to changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your Program assets.

## Item 9 Additional Information

### Disciplinary Action and Other Financial Industry Activities

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

### **Arrangements with Affiliated Entities**

We are affiliated with Stonecrest Capital Markets through common control and ownership. The affiliate is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. If you are in need of or desire to open a separate **brokerage account** for specialized brokerage or investment products (separate and apart from your advisory account), we may recommend the products and services of our affiliated broker-dealer. **SCM does not earn or receive any commission-based compensation on transactions placed in your advisory account(s) held at Pershing.**

We are also affiliated with Stonecrest Partners of Puerto Rico, LLC through common ownership. This affiliate is a Puerto Rico licensed insurance agency for Puerto Rico licensed agents who are also registered investment advisors with Stonecrest Advisors, Inc.

We are affiliated with Stonecrest Investment Management through common control and ownership. Stonecrest Investment Management is a private investment fund manager which may solicit you to invest in the Funds it advises. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Funds are offered will receive a private placement memorandum and other offering documents. The fees charged by the Funds are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Funds. Persons affiliated with our firm may have made an investment in the Funds and may have an incentive to recommend the Funds over other investments.

We are affiliated with Winlo Management Group, LLC through common control and ownership. The affiliate is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We do not share any persons or have any arrangements with Winlo Management Group, LLC.

### **Registration as a Broker/Dealer or Broker/Dealer Representative**

Investment Adviser Representatives of Stonecrest Advisors, Inc. are registered representatives of Stonecrest Capital Markets, Inc., a broker-dealer under common control with Stonecrest Advisors. In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products that are sold solely in brokerage accounts. You are under no obligation, contractually or otherwise, to open a brokerage account with our affiliated broker-dealer. Moreover, our

affiliated broker-dealer or any person registered with our affiliated broker-dealer does NOT earn or share in any commissions on transactions made ***in advisory accounts***, as all advisory accounts are held at an independent qualified custodian.

### ***Insurance Agents***

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. Insurance will be offered only in the states where these persons are properly licensed.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor***

Neither Stonecrest Advisors nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

### ***Registration Relationships Material to this Advisory Business and Possible***

Investment Adviser Representatives of Stonecrest Advisors, Inc. are registered representatives of Stonecrest Capital Markets, Inc. In their capacity as registered representatives, these persons are able to receive commission-based compensation in connection with the purchase and sale of securities or other investment products that are sold solely in ***separate brokerage accounts***. You are under no obligation, contractually or otherwise, to open a brokerage account with our affiliated broker-dealer. Moreover, neither our affiliated broker-dealer, nor any person registered with our affiliated broker-dealer will receive or share in any commissions on transactions made ***in advisory accounts, as all advisory accounts are held at an independent qualified custodian.***

Certain Investment Adviser Representatives of Stonecrest Advisors, Inc. are affiliated with another investment adviser through common control and ownership. These Investment Adviser Representatives will recommend that you use the services of the affiliate if appropriate for your needs. Our advisory services are separate and distinct from the compensation paid to the affiliate for their services.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## **Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

***Participation or Interest in Client Transactions***

We are affiliated with one or more private funds (private pooled investment vehicles) in which you may be solicited to invest. Our Company, certain members of its management, and other knowledgeable employees may acquire, directly or indirectly, investment interests in our fund or have other financial interests (e.g. General Partner, Officers, Board Members, etc.) in the funds. This presents a conflict of interest because we have investments and/or are compensated by the private funds. Conflicts that arise are mitigated through our Company's fiduciary obligation to act in the best interest of our clients, contractual limitations that govern our activities as adviser or general partner, as applicable, and the requirement of our Company not to place its interests before its clients' interests when managing the funds. If you are an investor in a private fund, refer to the private fund's offering documents for detailed disclosures regarding the private funds.

***Agency Cross Transactions***

An agency cross transaction for an advisory client occurs when we, or one of our affiliates, acts as a broker for a transaction in which one of our advisory clients is on one side of the transaction and another person (not an advisory client) is on the other side of the transaction. We may, when we consider the transaction to be in your best interest, execute such transactions. While we could receive compensation from each party to the transaction, and would therefore have a conflict of interest, we do not directly or indirectly receive commissions or transaction-based compensation from cross trades. Clients may revoke the authorization to effect agency cross transactions at any time by providing us with written notice. In circumstances where we execute an agency cross transaction, we undertake to confirm that the buyer and seller are not related parties and that the transactions are executed at market price. We will review all trades executed as an agency cross for compliance with our best execution policy.

***Client Referrals***

Certain persons providing investment advice on behalf of our firm receive compensation from other asset managers for referring clients to them. This arrangement will not cause you to pay more in advisory fees than you would otherwise pay had there been no solicitor's compensation. All referral fees paid to our firm or our IARs represent a portion of the fees actually charged to you by for investment advisory services. There is no differential between the amount or level of investment advisory fees that the asset manager will charge for managing the client account(s) in excess of that which they would customarily charge for managing any other new client's account with similar assets and which was not referred to the asset manager by our firm.

***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of Stonecrest Advisors may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Stonecrest Advisors to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Stonecrest Advisors will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of Stonecrest Advisors may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Stonecrest Advisors to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Stonecrest Advisors will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Client accounts are reviewed at least annually by David Jones, CCO or by compliance staff supervised by David Jones. David Jones is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at Stonecrest Advisors are assigned to this reviewer or compliance staff supervised by this reviewer.

***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

Stonecrest Advisors does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Stonecrest Advisors clients.

***Compensation to Non-Advisory Personnel for Client Referrals***

Stonecrest Advisors does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

***Trade Errors***

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

***Class Action Lawsuits***

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

***Balance Sheet***

Stonecrest Advisors does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Stonecrest Advisors nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

Stonecrest Advisors has not been the subject of a bankruptcy petition in the last ten years.

***IRA Rollover Recommendations***

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. 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 interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- 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.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
2. Employer retirement plans generally have a more limited investment menu than IRAs.
3. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
4. Your current plan may have lower fees than our fees.
5. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.

6. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
7. Our strategy may have higher risk than the option(s) provided to you in your plan.
8. Your current plan may also offer financial advice.
9. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
10. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
11. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
12. You may be able to take out a loan on your 401k, but not from an IRA.
13. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
14. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
15. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 10 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.