

SCHWARZ

DYGOS

WHEELER

— | INVESTMENT ADVISORS LLC | —

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March 25, 2024

## FORM ADV PART 2A BROCHURE

SCHWARZ DYGOS WHEELER INVESTMENT ADVISORS LLC (hereinafter "SDW") is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of SCHWARZ DYGOS WHEELER INVESTMENT ADVISORS LLC. If you have any questions about the contents of this brochure, please contact us at (612) 355-4360. 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 SCHWARZ DYGOS WHEELER INVESTMENT ADVISORS LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 25, 2024, we submitted our annual updating amendment filing for fiscal year 2023. We have no material changes to report.

A copy of our updated brochure and brochure supplement(s) is available to you free of charge and may be requested by contacting us at (612) 355-4360 and/or [wheeler@sdwia.com](mailto:wheeler@sdwia.com).

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#### **Advisory Business - Item 4**

SDW is a registered investment adviser based in Minneapolis, Minnesota. We are a limited liability company under the laws of the State of Delaware. We have been providing investment advisory services since 2008. Joseph Schwarz, Benjamin Wheeler, and Stephen Dygos are the Managing Members of SDW.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our Firm who is an officer, employee, and all individuals providing investment advice on behalf of our Firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

#### ***Portfolio Management Services***

Portfolio management refers to the management of money, including investments. Assets are usually held in what is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our Firm offers discretionary and non-discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management means we will contact you before a trading decision is taken.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our Firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

There are a few ways we might create your investment portfolio depending on what we decide would work best for you. We may customize a portfolio for you based the goals and risk we determined during the information gathering process. Or, we might use a predetermined strategy rather than choosing individual securities. Alternatively, it may be that one of the model portfolios developed by our Firm would be the best fit for your needs.

SDW mainly uses equity securities, exchange traded funds, mutual funds, corporate securities, municipal securities and U.S. government securities in its portfolio management programs. We may also advise you to invest in various investment related limited partnerships.

However we construct your investment portfolio, we will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

As outlined above, discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our Firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is done using either the investment advisory agreement you sign with our Firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

The non-discretionary portfolio management service means, as outlined above, that we must obtain your approval prior to making any transactions in your account.

We recommend that you review the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

### ***Financial Planning Services***

We offer comprehensive financial planning including portfolio allocation reviews, tax planning, charitable gifting strategies, risk and insurance analysis, estate and retirement planning and preparation for life transitions including family wealth planning. SDW strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic, and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.
- Plan Design. A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- Implementation of the financial plan. The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.
- Evaluation of the financial plan is conducted periodically. The financial planning service provides periodic review and revision of the plan to ensure that the financial goals are achieved.

Financial plans are based on your financial situation and the financial information you provide to our Firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

We also provide financial planning services that cover a specific area, such as retirement or estate planning. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

As part of our overall financial planning service, we may propose that the client purchase one or more types of products that are not part of the investment advisory services provided by our firm, such as insurance products. If the client chooses to include such a product in his or her portfolio, the firm recommends that the client work closely with his or her attorney, accountant, insurance agent and other related professionals. Incorporation of the non-advisory financial product into the client's financial plan is entirely at the client's discretion.

In the event we recommend an insurance product, the insurance product may be obtained from any insurance provider that the client chooses. The company recommends that clients fully evaluate products and fee structures to determine which arrangements are most favorable to them prior to making a decision. The company does not receive compensation for insurance products selected by the client.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

### **Assets Under Management**

As of March 11, 2024, we manage \$542,399,681 in client assets on a discretionary basis, and \$10,537,192 in client assets on a non-discretionary basis.

### **Fees and Compensation - Item 5**

SDW charges fees based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or other fees for its advisory services. At the sole discretion of SDW, these fees are negotiable.

## Portfolio Management Services

If you decide to engage SDW for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee*</u></b>
\$0 to \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$5,000,000	0.75%
Over \$5,000,000	0.50%

SDW allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. SDW extends this option to all accounts residing in the same household and certain members of the same family.

SDW will either bill you directly for payment of our fees or the fees will be deducted from your account. Fees are billed monthly, in advance and are based on the value of your portfolio at the end of the preceding month. When we bill you directly for the payment of our fees, we expect payment in full upon invoice presentation. When we deduct fees directly from your portfolio, we usually deduct from a designated account to facilitate billing. The client must consent in advance to direct debiting of their account.

If you choose to have SDW's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement at least quarterly. This statement will detail account activity. Please review each statement for accuracy. SDW has access to your account statements from the custodian.

Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses, which will be incurred by the client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first month's fees will be calculated on a pro-rata basis. The Advisory Agreement between SDW and the client will continue in effect until either party terminates the Agreement in accordance with the terms of the Agreement. SDW's annual fee will be pro-rated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

## Financial Planning Services

SDW may provide its clients with financial planning and consulting services. SDW will charge a fixed fee and/or hourly fee for consulting services. Our consulting fees are negotiable. We utilize the following financial planning fee schedules:

- *Fixed Fees:* SDW will charge a fixed fee that ranges from \$1,000.00 to \$10,000.00, for broad based planning services. *In limited circumstances*, the total cost could potentially exceed \$10,000.00. In such cases, we will notify the client and may request that the client pay an additional fee.
- *Hourly Fees:* SDW charges an hourly fee of \$250 for clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

Prior to engaging SDW to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, SDW requires full payment of the financial planning fee upon entering the written agreement. Where a client requests a specific hourly consultation, the entire fee will be payable upon completion of the consulting session.

Either party may terminate the agreement by written notice to the other. In the event the client terminates SDW's consulting services, the balance of SDW's unearned fees (if any) shall be refunded to the client.

## Important notes regarding billing

**Billing on Cash Positions:** The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending

upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

**Billing on Margin:** Unless otherwise agreed in writing, the gross amount of assets in the client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice will increase total assets under management used to calculate advisory fees which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its Associated Persons strive to uphold their fiduciary duty of fair dealing with clients. Clients are free to restrict the use of margin by our firm. However, clients should note that any restriction on the use of margin may negatively impact an account's performance in a rising market.

**Periods of Portfolio Inactivity:** The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

#### **Additional Fees and Expenses**

The fees SDW charges are negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client. All fees paid to SDW for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of SDW. In that case, the client would not receive the services provided by SDW, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by SDW to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### **IRA Rollover Considerations**

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also 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. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

### **Performance-Based Fees and Side-By-Side Management - Item 6**

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

### **Types of Clients - Item 7**

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

SDW requires a minimum of \$200,000 to open and maintain an advisory account. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- Fundamental Analysis – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- Technical Analysis – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.
- Trading – securities are sold within 30 days.
- Covered Options – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- Margin Transactions – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- Short Sales – short selling is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.

The investment advice provided along with the strategies suggested by SDW will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by



any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Futures and Options:** Options and futures contracts on securities carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Concentrated Position Risk:** Certain Associated Persons may recommend that clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.

**Preferred Securities Risk:** Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issuer's after-tax profits, while bond interest is paid before taxes.

**Inverse Funds:** Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such

that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are highly volatile and provide the potential for significant losses.

**Cybersecurity Risks:** Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

**Recommendation of Other Advisers:** In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

**Cryptocurrency Risk:** Cryptocurrency (e.g., bitcoin and ether), often referred to as "virtual currency", "digital currency," or "digital assets," is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm's clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm's clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client's investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and

other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm's clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and "flow-through" to the underlying investors.

**Environmental, Social, and Governance Investment Criteria Risk:** If a portfolio is subject to certain environmental, social and governance (ESG) investment criteria it may avoid purchasing certain securities for ESG reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for ESG reasons when it is otherwise economically advantageous to hold those securities. In general, the application of the portfolio's ESG investment criteria may affect the portfolio's exposure to certain issuers, industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these issuers, industries, sectors or geographic areas are in or out of favor. An adviser can vary materially from other advisers with respect to its methodology for constructing ESG portfolios or screens, including with respect to the factors and data that it collects and evaluates as part of its process. As a result, an adviser's ESG portfolio or screen may materially differ from or contradict the conclusions reached by other ESG advisers concerning the same issuers. Further, ESG criteria are dependent on data and are subject to the risk that such data reported by issuers or received from third-party sources may be subjective, or it may be objective in principle but not verified or reliable.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of legal or disciplinary events by our Firm, our principals or advisory representatives.

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

Our Firm and our related persons conduct financial industry relationships on an independent and unaffiliated basis. This practice minimizes any material client advisory business conflict of interest.

Joseph Schwarz, Benjamin Wheeler and Stephen Dygos, Managing Members, are not involved in any other financial industry activities and do not have any financial industry affiliations.

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

##### **Description of Our Code of Ethics**

SDW has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes SDW's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.

- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

You can request a copy of our Code of Ethics from Benjamin Wheeler, Managing Members/Chief Compliance Officer at our principal office address.

### **Personal Trading Practices**

At times, SDW and/or its Advisory Representatives may take positions in the same securities as clients, which may pose a conflict of interest with clients. SDW and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading. Alternatively, Accounts owned by our firm or persons associated with our firm may participate in block trading with client accounts; however, they will not be given preferential treatment. Mutual fund purchases are not subject to these policies because the transactions are executed at NAV at the end of the trading day.

### **Brokerage Practices - Item 12**

For SDW's portfolio management programs, we recommend and request clients to implement trades and maintain custody of assets through discount brokers. We recommend the services of Fidelity Brokerage Services, LLC ("Fidelity"), Member NYSE/SIPC. Fidelity is unaffiliated and offers independent investment advisers services, which include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information.

In selecting a broker dealer based on discretionary authority or in suggesting a broker dealer on behalf of a non-discretionary account, SDW will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, SDW may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

### **Research and Other Soft Dollar Benefits**

SDW receives support services and/or products from Fidelity, many of which assist the SDW to better monitor and service program accounts maintained at Fidelity. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- access to duplicate client statements
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational events

These support services are provided to SDW based on the overall relationship between SDW and Fidelity. These services are not paid with 'soft dollars' nor through any other arrangements with Fidelity that involves the execution of a specific number of client transactions as a condition to the receipt of services. SDW will continue to receive the services regardless of the volume of client transactions executed with Fidelity. Clients do not pay more for services

because of this arrangement. There is no corresponding commitment made by SDW to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific securities because of the arrangement.

Because it receives such services, SDW has an incentive to continue to use or expand the use of Fidelity for custodial and execution services. Our firm examines this conflict of interest as part of its best execution review and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### **Directed Brokerage**

The client may direct brokerage to a specified broker/dealer other than the Firm recommended by SDW. It is up to the client to negotiate the commission rate, as SDW will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker/dealer used by SDW. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker/dealer, SDW recommends a broker/dealer with competitive commission rates.

#### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. SDW encourages its existing and new clients to use Fidelity. Only accounts in the custody of Fidelity would have the opportunity to participate in aggregated securities transactions. All trades using Fidelity will be aggregated and done in the name SDW. The executing broker will be informed that the trades are for the account of SDW's clients and not for SDW itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and SDW will not aggregate a client's order if in a particular instance SDW believes that aggregation would cause the client's cost of execution to be increased. Fidelity will be notified of the amount of each trade for each account. SDW and/or its Advisory Representatives may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

### **Review of Accounts - Item 13**

#### **Portfolio Management Account Reviews**

SDW monitors the individual investments within SDW's portfolio management program each day the market is open. Portfolio performance is reviewed, at a minimum, on a quarterly basis. SDW offers portfolio management clients an in-person portfolio review meeting on an annual basis. A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

Joseph Schwarz, Benjamin Wheeler, and Stephen Dygos, Managing Members, and/or the advisory representative assigned to the account perform all account reviews and monitor the portfolios and financial plans for investment objectives and other supervisory review.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis.

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

Apart from the research and soft dollar benefit received from Fidelity (disclosed in the Research and Other Soft Dollar Benefits section above), we do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

Occasionally, our firm and our Associated Persons will receive additional compensation from vendors. Compensation could include such items as gifts; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an Associated Person, reimbursement for consulting services, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Receipt of additional economic benefits presents a conflict of interest because our firm and Associated Persons have an

incentive to recommend and use vendors based on the additional economic benefits obtained rather than solely on the client's needs. We address this conflict of interest by recommending vendors that we, in good faith, believe are appropriate for the client's particular needs. Clients are under no obligation contractually or otherwise, to use any of the vendors recommended by us.

We provide compensation for client referrals in accordance with applicable laws, rules and regulations. All referral fees are paid solely by us and do not result in any additional charges to the firm's clients. Any prospects referred to us are advised of the underlying solicitation relationship and are provided with the appropriate Form ADV disclosure documents prior to or at the time the investment advisory agreement is executed. All third-party solicitors who are not affiliated with us also provide prospective clients with a separate disclosure statement containing the terms and conditions (including compensation) of the solicitation arrangement.

### **Custody - Item 15**

SDW is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement and in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties. We maintain safeguards in accordance with regulatory requirements regarding custody of client assets.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by SDW for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

### **Investment Discretion - Item 16**

SDW offers Portfolio Management Services to its advisory clients on both a discretionary and non-discretionary basis. SDW will manage client accounts on a discretionary basis if the client has granted discretionary authority in the client advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. However, SDW does not have the ability to withdraw funds or securities from the client's account.

In a non-discretionary account, an Associated Person of SDW recommends the purchase or sale of securities for review and approval by their clients. SDW will only purchase or sell securities, which have been approved by clients in advance.

You may limit this authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

### **Voting Client Securities - Item 17**

#### **Proxy Voting**

SDW does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about SDW's, financial condition. SDW has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



## **Requirements for State-Registered Advisors - Item 19**

**[This section is intentionally left blank- Our Firm is SEC registered]**

### **Miscellaneous**

#### **Class Action Lawsuits**

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

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

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in SDW's error correction account.

#### **Confidentiality**

SDW views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

SDW does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, SDW may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

SDW restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. SDW maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its clients on an annual basis. If you have any questions on this policy, please contact Benjamin Wheeler, Managing Member/Chief Compliance Officer at (612) 355-4363.