

STRATEGIC FINANCIAL MANAGEMENT, LLC

FORM ADV – PART 2A (FIRM BROCHURE)

Item 1 – Identification

Principal Business Office Address:

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Main Telephone Number: 732-841-3525

Brochure Date: March 20, 2024

This Brochure provides information about the qualifications and business practices of Strategic Financial Management, LLC (“SFM”). If you have any questions about the contents of this Brochure, please contact us at (732) 841-3525. 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.

SFM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about SFM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

SFM routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since the last annual update to this Brochure on March 30, 2023, there have been no material changes to this Brochure. However, in Item 11 we enhanced disclosures regarding how we seek to mitigate conflicts of interest in the event more than one of our clients have invested in the same investment opportunity.

Each year, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Pursuant to SEC Rules, we are required to ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year of December 31st. We will further provide you with a new Brochure as necessary based on material changes as required by law.

Our Brochure may be requested by contacting us at 23 Budapest Street, Monroe, New Jersey 08331, or by telephone at (732) 841-3525.

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Brochure Supplement(s) are provided separately to clients.

Item 4 – Advisory Business

THE COMPANY

Strategic Financial Management, LLC (“SFM” or “the Firm” or “we”) is organized as a limited liability company under the laws of the state of New Jersey and is registered as an investment adviser with the SEC. SFM has been in business since 2004. The Firm is headquartered in Monroe, New Jersey. SFM is owned predominantly by Dom Salvemini who is the managing member (“Managing Member”).

TYPES OF ADVISORY SERVICES

SFM provides nondiscretionary investment advisory services regarding securities and non-securities to ultra-high net-worth individuals. The Managing Member of SFM is also actively engaged in the business of serving, in his personal capacity, as trustee to personal and family trusts and as manager of family investment entities of high net-worth individuals who are advisory clients. In the future, other members and employees of SFM may serve in this capacity for SFM clients. We treat these services provided by the Managing Member, other members, and employees as activities of SFM. SFM¹ has discretionary power as trustee for trusts of high net-worth individuals and their families (collectively “Clients”).

OVERVIEW OF ADVISORY SERVICES

With regard to its investment advisory services for high net-worth individuals, SFM will not have discretionary authority over the Client’s assets. SFM will review the Client’s investments and will provide investment advice and make recommendations to the Client whenever, in SFM’s judgment, developments so warrant; however, the implementation of all investment decisions will require the Client’s prior approval or instructions. The Client remains solely responsible for all investment decisions made with respect to the Client’s account.

We will also regularly perform due diligence on or facilitate making investments in alternative investments, such as direct or indirect investments in real estate. If you determine to invest in these investments, we will not be responsible for the ongoing monitoring, maintenance, or management of these investments.

As requested by a Client, SFM provides services to its individual-clients that are akin to a “Family CFO” by which SFM will assist its individual-clients with qualitative, non-financial services, including a discussion of estate planning. In this capacity, SFM may serve as manager of a family company and take certain actions or execute documents on behalf of the company in accordance with an entity’s operating agreement or the Client’s instructions. SFM does not provide legal advice. SFM does not believe that it conducts financial-planning services, but it may consult or interact with third parties who perform components of traditional financial planning for SFM’s Clients.

SFM also serves as trustee of high net-worth trusts and, in that capacity, has discretionary authority over such Client’s assets. In these situations, SFM will manage the trust in accordance with each trust’s governing documents, taking into consideration risk tolerance, time horizon, tax issues, liquidity and cash flow needs, restrictions/constraints, and other relevant guidelines. SFM may recommend changes to this allocation, in an attempt to take advantage of conditions in the current economic environment, while being sensitive to transaction costs and taxes, as appropriate.

WRAP FEE PROGRAMS

SFM does not participate in wrap fee programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, SFM had approximately \$1,589,700,414 in nondiscretionary assets under management and \$8,476,706 in discretionary assets under management.² These amounts do not include

¹ References to SFM throughout this Brochure also refer to services that are performed by SFM’s Managing Member, other members of SFM, or other employees of SFM, such as serving as trustee to a Client trust.

² These amounts include assets under management for which SFM does not provide continuous and regular supervision and also includes the value of Clients’ entire bank accounts over which SFM monitors and makes recommendations from time to time. These amounts do not include

assets that were acquired by Clients based on SFM's advice, such as certain closed-end private equity investments, sports teams, or real estate, but are not monitored by SFM post-acquisition.

Item 5 – Fees and Compensation

Fixed Fee Arrangements. SFM charges fees according to a fixed-fee arrangement depending upon the scope and complexity of the services being performed. For example, SFM may agree to provide investment advisory services for a fixed fee for a specified period. Fixed fees are negotiable and will be determined on a case-by-case basis, depending on such factors as the nature and complexity of the services, staffing arrangements, and size of the asset base. All fees will be agreed upon in advance with the Client.

Generally, fees are charged either monthly or quarterly in advance, and thus, such fees will be prorated or refunded for any partial period of investment advisory service. Because SFM reserves the right to negotiate fees, certain clients pay more or less than others depending on certain factors, including but not limited to, the type and size of the account, the level and complexity of service provided, and the total amount of assets managed for a single Client or such Client's family in the aggregate.

Clients may pay other fees such as brokerage commissions, transaction fees, custodial fees and transfer taxes, and other fees and taxes charged to brokerage accounts and securities transactions. Brokerage fees may be incurred in accordance with the practices set forth in Item 12 below.

All SFM client assets are held by a "qualified custodian," as that term is defined in Rule 206(4)-2 of the Investment Advisers Act of 1940 (the "Advisers Act"), to the extent required by law. SFM bills its Clients directly.

Out-of-Pocket Expenses. In addition to fees, Clients will be responsible for certain out-of-pocket expenses for reasonable and direct costs incurred by SFM on the client's behalf, such as travel expenses. From time to time, SFM may engage third-party service providers, such as attorneys, accountants, and other experts to assist with coordinating and conducting due diligence on an investment opportunity on your behalf or structuring and purchasing an investment. SFM will pass these expenses along to clients investing in the specific investment on a pro rata basis based on the dollar value of the client's commitment. In the event a client determines not to participate at any time prior to the closing of an investment, SFM shall determine how to allocate expenses based on its good faith estimate of allocable expenses and may determine that a non-participating client owes no expenses, or their pro rata share of expenses. SFM will provide Clients with an invoice containing a detailed description of such expenses as necessary.

Other Fees. Clients may incur certain charges imposed by custodians, brokers, attorneys, third-party investment products and other third parties, such as fees charged by other managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes related to brokerage and custodian accounts and securities transactions, and certain other expenses. Fees to SFM do not include any fees due to such third parties that provide services to the client or any underlying fees and expenses associated with private funds or alternative investments in which Clients' assets may be invested. The Client may contract directly with investment managers, brokers, attorneys, and custodians to provide services with regard to his or her assets and thus will be charged separately by such entities for their services.

Item 6 – Performance-Based Fees

SFM does not charge performance-based fees to its Clients.

the entire net worth of Clients or certain restricted executive stock positions. These amounts also do not double count assets of one Client that are invested in another Client (e.g., a family company). Please see Part 1A of SFM's Form ADV for the amount of regulatory assets under management (i.e., those assets under management over which SFM provides continuous and regular supervision).

Item 7 – Types of Clients

SFM provides nondiscretionary investment advice to ultra-high net-worth individuals and may provide discretionary investment advice or services as a trustee to trusts of high net-worth individuals or their families or occasionally as a manager to family companies.

SFM generally requires its Clients to have a minimum net worth of \$100 million before providing investment advisory services. However, fees and minimum account balances may be subject to waiver or modifications and negotiations to accommodate special client requirements.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

SFM's methods of analysis include fundamental and cyclical.

- **Fundamental** - Fundamental analysis is using real data to evaluate a security's value. For example, fundamental analysis can be performed on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down in connection with the overall market regardless of the economic and financial factors considered in evaluating a security.
- **Cyclical** - There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks: going up and down, reflecting the current stage of the business cycle. There are a wide variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, car- manufacturing, mining, home-building, fertilizer production and many others. Their main feature is that their profits, and thus stock prices, follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.

The main sources of information that SFM uses for its analysis include publicly available sources, such as newspapers, company press releases, timing services, annual reports, trade journals, corporate rating services and contact with outside analysts, as well as SFM's own assessment of the financial consequences of world and market events.

INVESTMENT STRATEGIES USED TO IMPLEMENT INVESTMENT ADVICE

Any investment advice provided by SFM to Clients is based on a number of factors, including, but not necessarily limited to, the Client's investment objectives, risk tolerances, asset-class preferences, time horizons, liquidity needs, expected returns, and an assessment of current economic and market views expressed by economists, analysts, banks, and securities firms.

Investment strategies emphasize long-term investments in a diversified portfolio intended to meet the Client's long-term financial objectives. SFM primarily recommends to its Clients fixed-income securities and investments in commercial real estate and multi-family housing, to achieve growth and value for Clients. SFM may also recommend equity investments in companies, including small capitalization and large companies as well as start-ups, private funds, and sports teams. SFM may also recommend trades in principal-protected notes, reverse-convertible notes, non-U.S. investments, short sales, leverage, derivatives and alternative securities.

RISK OF LOSS

Investing in securities involves risk of loss that Clients should be prepared to bear. All investments carry the risk of loss, and there is no guarantee that any investment strategy will meet its objective or that we will generate returns commensurate with the risks of investing in the type of companies and transactions described herein. Prior investment performance is not indicative of future results. Depending on the type of investments in your portfolio, your account may face the following investment risks:

Private Companies - Client portfolios may suffer losses through their investments in securities purchased in secondary market transactions or private placements. SFM may recommend principal investments in securities through secondary market transactions or through direct investment in private companies through private placements. Investments in private companies may require the Client to bear the economic risk of its investment for an indefinite period of time because, among other reasons, the interest in the company has not been registered under the Securities Act of 1933 ("Securities Act") or under the securities laws of certain states and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless it is subsequently registered under the Securities Act and under applicable securities laws of such states or an exemption from such registration is available. There may not be a secondary market for the interest in the private company through which a Client could sell or dispose of its holdings.

Small Capitalization Companies - Client portfolios may have assets invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios.

Large Capitalization Companies - Large cap stocks can perform differently from other segments of the equity market or the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

Sports Industry - The sports industry faces competition from other spectator-oriented sporting events as well as other leisure, entertainment, and recreational activities. As a result, the revenues of sports teams are affected by the general popularity of the sport, the availability of alternative forms of recreation, and changing consumer preferences and habits, including how consumers consume sports and entertainment. The sports industry's financial results depend significantly upon a number of factors relating to discretionary consumer and corporate spending, including economic conditions affecting disposable consumer income and corporate budgets, such as employment, business conditions, interest rates, and taxation rates. These factors can impact both attendance at events and advertising and marketing dollars available from the sports industry's principal sponsors and potential sponsors. Economic and other lifestyle conditions, such as illiquid consumer and business credit markets, adversely affect consumer and corporate spending, thereby impacting the sports industry's revenue, profitability, and financial results. Further, changes in consumer behavior such as deferred purchasing decisions and decreased spending budgets adversely impact the industry's cash flow visibility and revenues. The significant economic deterioration that occurred during the year 2008, for example, has impacted these areas of the industry's business, revenues, and financial results. Additionally, the financial success of the individual sports teams and franchises are dependent to a large degree on corporate sponsorship to help defray costs. To date, corporate sponsorship in some cities has been negligible, and as a result, some of the franchises have been required to absorb expenses, which would otherwise have been supported by corporate sponsorship. As a result, profits of some of the franchises have been affected, and many of the franchises have operated at a loss.

General Real Estate - A real estate investment is subject to certain risks, including those associated with the direct ownership of real estate and with the real estate industry in general. These risks include, among

other things: (i) adverse changes in local, national, or international economic or other conditions, including those relating to potential terrorist activities and U.S. involvement in armed conflicts; (ii) the financial condition of tenants, buyers and sellers of properties; (iii) environmental laws and regulations; (iv) zoning and land use laws and other governmental rules; (v) environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established; (vi) costs resulting from the clean-up of, and liability to third parties for damages resulting from, whether known or unknown, environmental problems, casualty or condemnation losses, and/or uninsured damages from, whether as a result of acts of God or man, floods, hurricanes, fire, natural disasters, or other uninsurable losses; (vii) possible declines in the value of real estate; (viii) delays in the acquisition of properties and costs associated with failed acquisition transactions of properties, including, but not limited to, those that do not have satisfactory due diligence reviews; (ix) possible lack of availability of mortgage financing funds; (x) overbuilding; (xi) increases in competition; (xii) property taxes and operating expenses; (xiii) changes in interest rates; and (ix) other factors beyond the control of SFM. Certain states' climates present heightened risks of natural disasters.

Private Funds - SFM may recommend that Clients invest in unaffiliated private funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds) (collectively, "Private Funds and Managers"). These Private Funds and Managers will charge their own management and other fees. Thus, if Clients invest in them, Clients will bear an additional level of fees and expenses. These Private Funds may have unique risks of loss as described in their offering documents.

Equity Securities - Investments in equity securities generally involve a high degree of risk. Prices are volatile, and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

Fixed-Income Securities - Investments in fixed-income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high-yield, fixed-income securities fluctuate more than high-quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Principal-Protected Notes - The principal guarantee is subject to the credit-worthiness of the guarantor. In addition, principal protection levels can vary. While some products guarantee 100 percent return of principal, others guarantee as little as 10 percent. In most cases, the principal guarantee only applies to notes that are held to maturity. Issuers may (but are not obligated to) provide a secondary market for certain notes but, depending on demand, the notes may trade at significant discounts to their purchase price and might not return all of the guaranteed amount. Some principal-protected notes have complicated pay-out structures that can make it difficult for an adviser to accurately assess their risk and potential for growth.

Reverse-Convertible Notes - Reverse convertible notes (“RCNs”) are complex structured products. An RCN generally consists of a high-yield, short-term note of the issuer that is linked to the performance of an unrelated reference asset—often a single stock but sometimes a basket of stocks, an index or some other asset. The investor does not own and does not get to participate in any upside appreciation of the underlying asset. The product works like a package of financial instruments that typically has two components:

- a debt instrument (usually a note and often called the “wrapper”) that pays an above-market coupon (on a monthly or quarterly basis); and
- a derivative, in the form of a put option, that gives the issuer the right to repay principal to the investor in the form of a set amount of the underlying asset, rather than cash, if the price of the underlying asset dips below a predetermined price (often referred to as the “knock-in” level).

RCNs expose investors not only to risks traditionally associated with bonds and other fixed-income products—such as the risk of issuer default and inflation risk—but also to the additional risks of the unrelated assets. The credit rating of the issuer does not necessarily reflect the risks associated with the underlying asset. In addition, there may be conflicts related to the relationship between the issuer and the underlying asset.

Non-U.S. Investments - SFM may recommend that Clients invest in securities (*i.e.*, debt, equity, currencies, derivatives, etc.) of issuers domiciled outside the United States. Such investments expose the portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, absence of uniform accounting, auditing and financial reporting standards, and possible nationalization of assets or industries. Additionally, many foreign countries are undergoing, or have undergone in recent years, significant political change that has affected government policy, including changes in the regulation of industry, trade, financial markets, and foreign and domestic investment. The relative instability of these political systems leaves these countries more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic changes, social instability, or changes in government policies. For investors, the results may include confiscatory taxation, exchange controls, compulsory reacquisition, nationalization or expropriation of foreign-owned assets without adequate compensation, or the restructuring of certain industry sectors in a way that could adversely affect investments in those sectors. The nature and extent of these risks vary from country to country, among investment instruments, and over time.

Short Sales, Leverage and Derivatives - Short sales, leverage, and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investments suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a “short squeeze” that could lead to accelerating losses for those short that particular security.

Market Conditions - The success of client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or

result in losses.

World financial markets have experienced extraordinary market disruptions recently, including, among other things, extreme losses and volatility in securities and energy markets. In reaction to these events, regulators in the U.S. and several other countries have undertaken exceptional regulatory actions, including interest rate cuts and halting market trading. Recent volatility in the world financial markets may negatively affect the valuation of the Clients' portfolios and impair the SFM's ability to accurately value such portfolios. Valuation estimates may cause uncertainty in the performance of the Clients' portfolios.

Recent Developments in the U.S. and Global Financial Markets - The current environment is one of significant uncertainty for the financial services industry. Recently, the global markets have experienced a great degree of volatility and financial turmoil. These developments have heightened the risks associated with investment activities, including without limitation, those resulting from a substantial reduction in the availability of credit, a decrease in market liquidity, an increased risk of insolvency of prime brokers and other counterparties, and regulatory changes that may have an adverse effect on Clients' ability to achieve their investment objective. In addition, U.S. governmental action concerning instability in the U.S. financial markets could have a significant impact on the financial services industry or other industries generally. Global financial markets have experienced considerable declines in the valuations of equity and debt securities and an acute contraction in the availability of credit. As a result, certain government bodies and central banks worldwide, including the U.S. Treasury and the Federal Reserve, undertook unprecedented intervention programs. The U.S. economy has experienced declines in employment, household wealth, and lending, which have been slowly improving. Moreover, the global credit markets continue to experience substantial disruption and liquidity shortages and financial instability extends beyond the United States. While there has been recent improvement in the U.S. markets, the full impact of the priorities of the new political administration to the financial services industry remains unseen.

Potential Concentration - Client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

Extraordinary Events - Global terrorist activity, United States involvement in armed conflicts, growing social and political discord in the United States and elsewhere, economic sanctions, tariffs and other trade disputes, international political developments, changes in government policies and taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and the fear of a prolonged global conflict have exacerbated volatility in the financial markets. Any of these events have and may cause consumer, corporate and financial confidence to weaken and may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Disease and Epidemics - The impact of disease and epidemics may have a negative impact on our business, our Clients' portfolios and their performance and financial position. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, our operations and our Clients' portfolios could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility,

cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on our business and our Clients' portfolios. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. In December 2019, a novel strain of coronavirus surfaced in Wuhan, China ("COVID-19"), and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of COVID-19, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain. Our operations and business results, including with respect to our Client's portfolios, could be materially adversely affected. The extent to which COVID-19 (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain COVID-19 or treat its impact, among others.

Increased Regulations - Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

Market Liquidity Risks - The value of securities held in client accounts and that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in general. Market disruptions such as those that occurred in 1987, September 2001, the Flash Crash in May 2010 and the recent global recession could lead to violent price swings in securities held within client portfolios and could result in substantial losses.

Cybersecurity Risks - With the increased use of technologies, such as the Internet, to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber-incidents can result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to systems and misappropriating assets or information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cybersecurity failures or breaches by a third-party service provider and the issuers of securities in which the Clients invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber-incidents.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of SFM's advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

BROKER DEALER

Neither SFM nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISER

Neither SFM nor any of its management persons is registered as a Commodity Pool Operator or Commodity Trading Advisor.

OTHER RELATIONSHIPS AND/OR ARRANGEMENTS MATERIAL TO ADVISORY BUSINESS

The Managing Member of SFM has established a separate business, Strategic Financial Management & Consulting, LLC (formerly known as SFM Accounting & Consulting, LLC, “SFMAC”), to handle non-investment advisory services for Clients. As requested by Clients and pursuant to a separate written agreement with SFMAC, SFMAC provides Clients additional services, which primarily include tax and business-consulting services and may also include construction and real estate management. SFMAC is not a registered investment adviser and does not provide any investment advice. SFM and SFMAC share office space and personnel, which may give rise to actual or apparent conflicts of interest and information privacy risks as personnel of SFMAC who are not associated with SFM may have access to Client information, including confidential information. SFM seeks to mitigate these potential conflicts of interest by not conducting joint operations with SFMAC, maintaining separate bank accounts for each entity and not commingling assets. Further, each entity operates pursuant to separate written agreements with its respective clients, and each entity separately invoices and receives fees for its services. SFM does not expect that the overlap in personnel will negatively affect the services SFM performs for Clients.

SFM has no other affiliated relationships or businesses.

Item 11 – Code of Ethics

CODE OF ETHICS

Pursuant to Advisers Act Rule 204A-1, SFM has adopted a written Code of Ethics (“Code”) that sets forth standards of conduct and certain federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. SFM has also adopted written supervisory procedures concerning its advisory business. All employees review and acknowledge receipt and review of the Code and the supervisory procedures annually. Code and/or procedure violations may result in disciplinary action or dismissal. SFM will provide a copy of its Code to any Client or prospective client upon request. Please contact SFM at the address or phone number listed on the cover of this Brochure to request a copy.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

SFM acts as investment adviser to numerous Clients. SFM may give advice and take action with respect to any Client it advises or manages that may differ from action taken by SFM on behalf of other Clients. SFM is not obligated to recommend for purchase or sale or to refrain from recommending for purchase or sale any security that SFM or its Access Persons (defined below) may buy or sell for their own accounts or for the accounts of any other Client. SFM is not obligated to refrain from investing in securities held by accounts that it manages except to the extent that such investments violate the Code adopted by SFM.

From time to time, SFM may advise one or more Clients with respect to the same security, such as a private investment. For examples, (1) a Client may request information about the effects of defaulting on a capital call for an investment for which other Clients are invested, or (2) Clients may invest in different parts of the capital structure of the same issuer or classes of securities that are subordinate or senior to other securities. It should be expected that advice given to, or investment decisions made or other actions taken for, one or

more Clients will compete with, affect, differ from, conflict with, or involve timing different from, advice given to or investment decisions made for other Clients. Clients may vote differently on, or take or refrain from taking different actions with respect to, the same security, that disadvantages another Client. SFM generally seeks to render advice in the best interest of each Client without regard to the compensation it stands to receive. SFM seeks to act in the best interest of all Clients and generally seeks to avoid conflicts of interest. However, in instances where SFM knowingly faces a conflict of interest involving more than one current Client with regard to its advice, it will generally seek to avoid providing a personalized recommendation and will limit its advice to providing education to each impacted Client.

SFM does not at this time, but may, invest client accounts in, among other things, securities in which SFM or its Related Persons have a financial interest. SFM or its Related Persons do not at this time, but may, purchase for themselves securities or other investments which one or more Clients own, previously owned, or will own in the future. As these situations may represent a potential conflict of interest, SFM has adopted procedures relating to personal securities transactions and insider trading that are reasonably designed to prevent actual conflicts of interest. Both policies are described below.

If it is appropriate to buy or sell a security at the same time for both a Client, upon the Client's prior instruction, and a Related Person, combined orders may be placed. If any order is not filled at the same price, prices obtained may be allocated among accounts on an average basis. Placing combined orders is not required. There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a Client, subject to the overriding principle that the interests of Clients must come before the interests of SFM or its Related Persons.

SFM may manage simultaneously parallel accounts, in some cases with similar objectives, but with differing fees to SFM. SFM also may similarly manage simultaneously certain accounts that may hold short positions in a security for which other managed accounts are long. SFM's policy is to manage each account independently and fairly and recognizes and seeks to control the conflicts of interests inherent in such practices.

SFM personnel may receive gifts and gratuities, including travel and entertainment, from SFM's Clients. This may include such things as tickets to sporting events, charity events, parties or the theater, meals and other entertainment, transportation, attendance at seminars or other events, gifts associated with life events such as birthdays, weddings, and anniversaries, and other gifts of more substantial value. SFM does not favor Clients who give gifts over Clients who do not.

Restrictions on Personal Securities Transactions

To address the conflicts of interest that arise with the personal trading of SFM employees, the Code prohibits certain types of personal securities transactions. The Code is designed to permit personnel of SFM to invest for their own accounts while assuring that their personal transaction activity does not interfere with making decisions in the best interest of Clients or implementing those decisions. Neither the Firm nor any associated person of the Firm who (a) has access to nonpublic information regarding Clients' securities transactions, (b) is involved in making securities recommendations to Clients, or (c) has access to securities recommendations that are not public (collectively, the "Access Persons") is permitted to trade in or engage in a securities transaction to his or her advantage over that of a Client. Access Persons are prohibited from buying or selling securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. Access Persons may not execute transactions in their personal accounts ahead of a Client's transaction in the same security unless certain circumstances exist.

Employees must submit their brokerage statements quarterly to the Chief Compliance Officer of SFM for review and archiving. However, there is no person senior to the Chief Compliance Officer and transactions in the personal securities account(s) of the Chief Compliance Officer may not receive the same internal scrutiny as accounts of other employees. Employees do not at this time, but may, purchase and sell securities for their own accounts that have also been recommended to Clients. The Code is designed to ensure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of Clients. Nonetheless, because the Code permits employees to invest

in the same securities as Clients, there is a possibility that employees might benefit from transaction activity by a Client.

Disclosure of Personal Investments

SFM principals and employees may maintain personal brokerage accounts subject to the Firm's Code. Access Persons are required to provide a quarterly report to the Chief Compliance Officer, or other designated person, showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material conflicts. These reports are monitored regularly to seek to prevent conflicts of interest between SFM and its Clients. There is an inherent conflict of interest between our fiduciary duty of best execution for our Clients and the apparent self-interest of employees trading in the same securities contemporaneously. At present, SFM personnel do not trade in the same securities owned by Clients.

SFM personnel may receive or give certain gifts, gratuities, travel or entertainment from or to broker-dealers or other persons with whom SFM does business or whom SFM recommends to its Clients, such as lawyers, banks or accountants. This may include such things as tickets to sporting events, charity events, parties or the theater, meals and other entertainment, transportation, attendance at seminars or other educational, training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays, weddings, anniversaries, and other gifts of more substantial value. Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for SFM in selecting brokers and dealers and other service providers to the extent that SFM has been given the prior approval from a Client to make such selections; however, SFM does not favor service providers who give gifts over those who do not.

Insider Trading Policy

SFM may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, SFM may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless if such other person is a Client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, Clients and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, Clients when following policies and procedures designed to comply with law.

The Code also contains a policy, adopted in accordance with Advisers Act Section 204A, that establishes procedures to prevent the misuse of material nonpublic information by supervised persons. Supervised persons are prohibited from trading, either personally or on behalf of others, while in possession of material nonpublic information in violation of the law. Any supervised person who fails to observe the aforementioned policies risks serious sanctions, including dismissal and personal liability.

Dependence on Key Person

SFM is dependent on the experience and expertise of the principal and single manager of SFM, Dom Salvemini. To a lesser extent, it is dependent on the experience and expertise of Michael Haley. In the event of either of their death, disability, or departure, the business of SFM would be adversely affected and SFM's ability to service its clients would be impaired. Further, as the sole manager, Mr. Salvemini is responsible for supervising the advisory activities of SFM. There are risks and conflicts of interest associated with such self-supervision.

Item 12 – Brokerage Practices

SELECTION CRITERIA FOR BROKERS AND DEALERS

With respect to high net-worth individual Clients, SFM does not have discretion to determine the particular securities or amounts of such securities to be bought and sold and generally does not have discretionary authority to select the broker-dealer. SFM will make recommendations to Clients and may, after receiving Client instruction, place orders for the execution of portfolio transactions for the client account and select the brokers and dealers to effect such transactions.

When an SFM Related Person is serving as trustee in their personal capacity to Clients, the Related Person has discretion to determine the particular securities and amounts of such securities to be bought and sold, subject to restrictions that may be specified in the trust's governing documents. In these situations, the Related Person selects broker-dealers who are registered and licensed. In selecting broker-dealers, the Related Person may consider various factors including size of the transaction, nature of the transaction, nature of the market, research capability, reliability, knowledge of markets and industries, good and timely delivery and payment, promptness of execution, clearance and settlement efficiency and accuracy, customer service and responsiveness, net price, commission rates, access to sources of supply and demand, financial condition, stability, integrity, commitment to the security and protection of confidential information, broker capital commitment, reputation, and other advantages. These services of Related Persons are treated as activities of SFM for purposes of the Advisers Act.

COMMISSION RATES OR EQUIVALENTS

When SFM has the authority to select the brokers and dealers, it is the Firm's policy to seek the best net price and execution for its transactions, taking into account all relevant factors. However, this responsibility shall not obligate SFM to solicit competitive bids for each transaction or to seek the lowest available commission cost. SFM monitors execution in client portfolios in an attempt to ensure best execution in client portfolios. The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions. Clients may pay commissions higher than those obtainable from other brokers for the same services rendered by the broker-dealers selected or recommended to the Client by the Firm.

“SOFT DOLLAR” OR RESEARCH/EXECUTION POLICY

SFM may enter into “soft dollar” arrangements with certain broker-dealers. Under these arrangements, the brokerage firms would provide or pay the costs of certain services or other items for the benefit of SFM. This poses conflicts of interests. The services and other items provided or for which payment is otherwise made using soft dollar and brokerage service arrangements on behalf of SFM may include, without limitation, prime brokerage services, proprietary (developed by the broker) and third-party research services and products, proxy voting services, software and services used in the management of client portfolios or client portfolio analysis, investment research, consulting fees and charges, fees and charges for news wire, other client investment research, quotation services, periodical subscription fees and similar charges.

When SFM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, SFM receives a benefit because it does not have to produce or pay for the research, products, or services. SFM may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than the Clients' interest in receiving most favorable execution. SFM may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). To the extent it receives them, SFM uses soft-dollar benefits to service all of its Clients' accounts, not only those that paid for the benefits. SFM does not seek to allocate soft-dollar benefits to Client accounts proportionately to the soft-dollar credits such accounts generate. Some products or services do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), such as those services that do not aid in investment decision-making or trade execution. In the last fiscal year, SFM received research from banks and brokers involved in discretionary and nondiscretionary Clients'

transactions. To the extent that these transactions were for nondiscretionary Clients and to the extent they could be deemed as soft-dollar benefits, the receipt of research would fall outside the safe harbor in Section 28(e) of the Exchange Act. The institutions from which SFM received research included JP Morgan, Citibank, Merrill Lynch, Morgan Stanley, and UBS.

BROKERAGE FOR CLIENT REFERRALS

SFM currently does not, but may, consider in selecting or recommending broker-dealers whether SFM receives client referrals from a broker-dealer or third party. This creates potential conflicts of interest as SFM may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on its Clients' interest in receiving most favorable execution. In the last fiscal year, SFM did not direct client transactions to a particular broker-dealer in return for client referrals.

DIRECTED BROKERAGE POLICY

Clients may, under certain circumstances, negotiate transaction rates and fees directly with a broker-dealer and direct SFM to use a broker or dealer to execute any or all portfolio transactions for the account. SFM may accept such client instructions, provided they are confirmed in writing.

Where a Client directs the use of a particular broker-dealer, or broker-dealers, SFM may not be in a position where it can negotiate commission rates or spreads or obtain volume discounts; thus, best price may not be achieved. In addition, transactions for a Client that directs brokerage may not be aggregated with orders for the same securities for other accounts managed by SFM. Trades for a Client that has directed use of a particular broker or dealer may be placed at the end of aggregated trading activity for a particular security. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices, including minimum ticket charges, than might be the case if SFM could negotiate commission rates or spreads freely or select brokers or dealers based on best execution. SFM may also have a potential conflict of interest if the directed broker has referred the Client or other Clients to SFM.

AGGREGATION

Aggregation or "blocking" of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges. Not aggregating may increase cost to Clients. SFM does not generally block trades, but on occasion may do so. In such circumstances, block trading will be performed on a case-by-case basis. Nevertheless, SFM will treat all Client accounts fairly over time.

Item 13 – Review of Accounts

PORTFOLIO REVIEWS

SFM's Managing Partner reviews Client accounts and portfolios periodically depending upon account needs and market conditions. Reviews may be undertaken because of a change in market conditions, change of security positions, request by a Client for a meeting, or change in a Client's investment objective or policies. Performance of accounts in connection with objectives, security positions, other investment opportunities, commitment to any one industry, and commitment to any one security are among the matters that may be discussed.

CLIENT REPORTS

Generally, SFM sends balance sheets and a summary of Client portfolios quarterly to certain Clients. Additionally, at a Client's request, SFM will review personalized reports that other third parties create with respect to such Client's accounts.

Reports prepared by SFM are not intended to replace the statement provided by a Client's custodian(s), which should be considered the official record for all pertinent account information. SFM's reports are provided in a different format from that of your custodian(s) and may vary in content and scope. Therefore, you should compare the asset information to the statement provided by your custodian.

Item 14 – Client Referrals and Other Compensation

SFM does not receive any fees other than fixed fees paid to the Firm by its Clients. SFM and its representatives do not receive any economic benefits from any third parties with respect to the advisory services offered to Clients other than through the use of soft-dollar arrangements as described in Item 12. Product sponsors or other third parties may offer representatives of SFM invitations to training sessions, due diligence visits, or other meeting or events at the expense of the third party. These invitations are not offered directly as a result of any amount of business placed with the third party although the volume of business placed with a particular party may be indirectly related.

SFM may make payments to third parties who recommend potential clients in compliance with Advisers Act Rule 206(4)-1, when applicable; however, SFM currently has no such referral arrangements.

Item 15 – Custody

SFM is not a qualified custodian and does not provide custodial services to its Clients. With respect to the trust Clients where an SFM Related Person serves as trustee (“trust-Clients”), SFM has no physical custody because trust-Clients select banks or registered broker-dealers that are “qualified custodians” to provide custody of Client assets. However, under the SEC’s Custody Rule, SFM is deemed to have custody with respect to the assets of trust-Clients due to its services as a trustee.

With respect to the majority of its natural-person Clients, SFM does not have, and is not deemed to have, custody. However, there are a few natural-person Clients for whom SFM is deemed to have custody because SFM serves as manager to the Client’s family company (collectively with trust- Clients, “Custody-Clients”).

Accordingly, SFM must and does submit to surprise annual examination by an independent public accountant; these examinations are limited to a review of the assets of Custody-Clients only.

Custody-Clients should receive quarterly custodial statements directly from such Client’s qualified custodian. We urge you to carefully review those statements and compare the custodial records to the reports we provide you. Comparing reports will allow you to determine whether account transactions, including your payment of advisory fees, are proper. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Generally, SFM does not have discretionary authority to manage securities accounts on behalf of its high net-worth individual Clients. However, SFM has discretionary authority to manage securities accounts on behalf of certain Clients as trustee to certain trust-Clients and/or as manager to a Client’s family company. Whenever SFM has such discretion, it is exercised observing investment limitations and restrictions that are outlined in the relevant Client entity’s governing documents, which also appoint SFM’s personnel as trustee or manager. Clients can and do place reasonable restrictions on SFM’s investment discretion. The most common restrictions are limitations on the types of investments. Such investment guidelines and restrictions, and changes thereto, must be provided to SFM in writing. Such restrictions may impact performance.

See Item 4 for additional information about SFM’s discretionary and nondiscretionary services.

Item 17 – Voting Client Securities

SFM generally does not vote proxies on behalf of Clients except upon a Client’s request. Only upon a Client’s request will SFM have authority to vote proxies. In such cases, SFM will vote proxies in the manner that SFM believes will best maintain shareholder value. SFM has adopted general guidelines for voting proxies. These guidelines are not necessarily determinative in all cases, and SFM may cast votes contrary to the general guidelines if the facts and circumstances warrant. In all cases, SFM will, in good faith, vote the proxies in the

advisory Client's interests. A non-exhaustive list of the general guidelines is summarized below:

- A. SFM gives great weight to the recommendations of the company's management so long as the ratification of the management's position would not adversely affect the investment merits of owning that company's shares.
- B. SFM supports an independent board of directors and prefers that key committees such as audit, nominating, and compensation committees be comprised of independent directors.
- C. SFM opposes ratification of auditors when there is clear and compelling evidence of accounting irregularities or negligence attributable to the auditors.
- D. A company's equity-based compensation plan should be in alignment with the shareholders' long-term interests.
- E. SFM opposes anti-takeover measures.
- F. SFM opposes dual-class capital structures to increase the number of authorized shares where that class of stock would have superior voting rights.
- G. SFM supports management's position relating to social, environmental and ethical issues unless SFM believes that supporting the position will materially and adversely affect the economic interests of its advisory Clients.

To date, SFM has not identified any conflicts of interest between Client interests and its own interest in connection with the proxy voting process. If a conflict does arise, SFM's Chief Compliance Officer will determine the most appropriate course of action. SFM does not currently utilize third-party voting services. In the event SFM does not exercise proxy voting authority over securities, the obligation to vote proxies rests with the Client. A copy of our complete proxy voting policy and a record of how we have voted can be obtained by contacting SFM at the address or phone number listed on the cover of this Brochure.

Item 18 – Financial Information

The Firm does not require prepayment of more than \$1,200 in fees six months or more in advance. SFM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy proceeding or any other event requiring disclosure under this item of the Brochure.