

# **SANDIA WEALTH MANAGEMENT, LLC**

## **FIRM BROCHURE (ADV PART 2A)**

**MARCH 14, 2024**

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This brochure provides information about the qualifications and business practices of Sandia Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact Peter Lehrman at (505) 296-1100. 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.

Sandia Wealth Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sandia Wealth Management, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 159402.

## **2. MATERIAL CHANGES**

We have no material changes to report since our firm's last annual update on February 28, 2023.

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISORY HISTORY**

Sandia Wealth Management, LLC (“we”) is a New Mexico limited liability company formed in January 2012. It was subsequently registered as a New Mexico investment adviser. In September 2021, it became registered as an investment adviser with Securities and Exchange Commission (“SEC”). Peter T. Lehrman is the owner and sole member of the firm.

##### **B. ADVISORY SERVICES OFFERED**

###### **i. PORTFOLIO MANAGEMENT**

We manage individualized portfolios for our clients. We work with each client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. We use marketable securities that may include bonds, common stock (equities), and treasury bonds. (Additional information about securities used their risks can be found under Item 8.) Our investment philosophy is to use principals of value, safety and quality to seek investment options globally. We place heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

If you own multi-share class mutual funds in a discretionary or non-discretionary account, SWM will direct the broker/dealer, clearing firm or custodian of your account to convert the mutual fund shares you own to the lowest cost share class available for the same funds at no cost or tax consequences to you. Such conversions will be made without notice. SWM will utilize the mutual fund share classes designated for the portfolio. This could result in SWM holding share classes where a lower cost share class is available.

###### **ii. FINANCIAL PLANNING**

Financial Planning services typically focus on one or more specific areas such as financial and cash management, risk management, financial issues relating to divorce or death of a family member, insurance planning, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs identified by the client or by our review of the client’s financial circumstances. Through discussion with the client and/or questionnaires, we will collect pertinent data, identify goals, objectives, financial concerns and potential solutions. We will present the client with a written analysis. Following the conclusion of the consulting services, we may make recommendations regarding implementation of the financial strategies discussed.

Clients are not obligated to follow any recommendations we may make or to implement any recommendations through us.

##### **C. TAILORED SERVICES**

Our services are individualized to each client. However, we generally do not allow clients to place restrictions on the types of securities held in their accounts.

#### D. WRAP PROGRAM

We do not sponsor a wrap program. This section is not applicable.

#### E. CLIENT ASSETS MANAGED

As of December 31, 2023, we manage \$146,892,000 of client assets on a discretionary basis and \$15,552,000 on a non-discretionary basis.

### **5. FEES AND COMPENSATION**

#### A. PORTFOLIO MANAGEMENT SERVICES

We charge an annual management fee based on a percentage of assets under management. The maximum annual management fee is up to 1.00%. The management fee is negotiable based on the size of the client's account. The management fee is calculated and collected quarterly in advance.

The management fee will be calculated on the Account's previous quarter's ending balance as reported by the Account's custodian. The fees are negotiable. Because we charge in advance, any client that terminates their contract within a quarter will receive a prorated refund of fees that is based on the amount of time elapsed during the quarter. Cash balances and investments in money market funds are covered by the Account and are included in the fee calculations.

Additionally, our fees do not cover of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fees. For more information about our brokerage practice please see Item 12.A.

If the client did not receive a copy of this ADV Part 2A at least 48 hours prior to signing our Investment Management Agreement, the client will have five (5) business days within which the agreement may be terminated without cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice. Upon termination, fees will be prorated for the number of days that services were rendered on the Account's valuation as of the termination date.

#### B. FINANCIAL PLANNING

We charge an hourly rate of \$175 per hour for consulting services with a minimum of 2 hours per engagement. The fees are negotiable. The number of hours will vary depending upon the complexity of the client's financial situation and the preparation and research required to address the client's financial issues and concerns. The estimated number of hours required, and the fee

will be set forth in the Financial Planning Agreement. Hourly fees for consulting services are agreed upon in advance in writing and due upon the signing of the Financial Planning Agreement. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

If the client did not receive a copy of this ADV Part 2A at least 48 hours prior to signing our Financial Planning Agreement, the client will have five (5) business days within which the agreement may be terminated without cost or penalty. After five (5) days if a client cancels, any prepaid fees will be refunded on a prorated basis based upon the number of hours worked.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **7. TYPES OF CLIENTS**

We offer our services to individuals, pension and profit-sharing plans, trusts, and estates. We require a minimum account size of \$100,000 for our portfolio management services. We may aggregate related accounts in the same household to meet account minimums. Also, account minimums may be negotiated, reduced or waived at our discretion.

## **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

We use various methods of security analysis to help us manage client investment account(s). These may include one or more of the following:

**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 analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. 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 method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

**Quantitative Analysis** – A business or financial analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Quantitative analysis can be done for a number of reasons such as

measurement, performance evaluation or valuation of a financial instrument. It can also be used to predict real world events such as changes in a share price.

We use various sources of information to help us manage your investment account(s). These include:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, company financial statements, prospectuses and filings with the Securities and Exchange Commission
- Company press releases
- Financial news media, including televised and Web-based
- Contact with investment company representatives

#### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Exchange Traded Funds; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, Index, Leveraged, Inverse and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; High Yield Debt; Domestic Fixed Income; ADRs; Real Estate Investment Trusts; Master Limited Partnerships; Royalty Trusts; Money Market Funds and Cash.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While we use investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks he/she does not understand, we would be pleased to discuss them.

We strive to render its best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.
- **Risks Associated with REITs:** Currently, there is no secondary market for many REIT shares and stockholders are limited in their ability to sell their shares through the REIT's share redemption program or their own ability to find a purchaser. REITs are also subject to market risk and slow down. They do not have control over market and business conditions that may affect its success. External factors beyond its control may reduce the value of properties that it acquires, the ability of tenants to pay rent on a timely basis or at all, the amount of the rent to be paid and the ability of borrowers to make loan payments on time or at all. If tenants are unable to make lease payments or borrowers are unable to make loan payments as a result of any of these factors, cash available for distributions to our stockholders may be reduced.

## 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Adviser or the integrity of its management.



We have no information applicable to this Item because we have not been the any administrative, civil, criminal or regulatory proceedings.

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

### **A. BROKER-DEALER AFFILIATIONS**

We are not affiliated with a broker-dealer.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

We are not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

We do not have any other industry affiliations.

### **D. SELECTION AND MONITORING OF THIRD-PARTY INVESTMENT ADVISERS**

Currently, we do not select and monitor third party investment advisers to manage our clients' assets.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. DESCRIPTION**

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons, and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **B. MATERIAL INTEREST IN SECURITIES**

We do not have a material interest in any securities. Additionally, it is our policy that we will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment

adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Our owner, Mr. Lehrman, may, from time to time, buy or sell for his own accounts securities that are the same as, similar to, or different than those that his clients purchase or sell. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The securities traded are typically broadly traded, large scale securities (not penny stocks) and/or mutual funds in which proprietary trades will not affect market prices. Nonetheless, client transactions will precede those orders placed for any proprietary trades. Mr. Lehrman is aware of his fiduciary duty to his clients and the prohibitions against the use of any insider information. We keep records of all associates' proprietary trading activities and make them available to regulators to review on the premises. Whenever we deem that there may appear to be a conflict of interest, we will inform affected clients of the holdings involved prior to placing any orders.

## **12. BROKERAGE PRACTICES**

### A. RECOMMENDED BROKERAGE

We currently recommend the clearing and custody services of Raymond James & Associates, Inc. (RJA), member New York stock Exchange/SIPC. Some of the primary considerations in determining reasonableness of commissions are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transaction-fee mutual fund universe; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; as well as client satisfaction. We periodically evaluate the foregoing factors, and while it may conclude based on its review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

### i. RESEARCH AND SOFT DOLLARS BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We may receive some benefits from Raymond James that include assistance with practice management and assistance with the management of client accounts,

including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of duplicate client statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poor's' or other sources); (e) access to other vendors (such as insurance or compliance providers, software providers or providers of research or other materials) on a discounted fee or free basis through discounts arranged by the custodians; (f) permitting us to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist us with our back-office functions, including recordkeeping and client reporting; and (g) conferences that our associated persons may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology. Participation in the custodian's programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the custodian's programs may depend upon the amount of transactions directed to, or amount of assets placed in custody with Raymond James. Generally, many of these services may be utilized to service all or a substantial number of clients' accounts. Educational, research, or other services provided by custodian or mutual fund companies may benefit all of our clients, or only some.

ii. BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any custodian or any third party.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

B. TRADE AGGREGATION

We generally do not aggregate or block trade client accounts; most accounts are traded individually. However, on occasion we may aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential

nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

### **13. REVIEW OF ACCOUNTS**

#### **A. PERIODIC REVIEWS**

Mr. Lehrman, our owner, reviews the general holdings of the firm's portfolios on a quarterly basis. In addition to these reviews, Mr. Lehrman meets with clients at least annually, or more frequently if requested, to discuss and review their accounts.

#### **B. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

#### **C. REPORTS**

Clients receive quarterly statements from their custodian. We urge clients to carefully review such statements.

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

#### **A. OTHER COMPENSATION**

We do not receive any other compensation for providing investment advice to clients.

#### **B. CLIENT REFERRALS**

We do not pay for client referrals or use solicitors.

### **15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. We do not take possession of a client's securities. However, the client will be asked to authorize us with the ability to deduct fees directly from the client's account. This authorization will be to deduct our management fee only. Prior to deducting the fee, we will send a billing statement (invoice) to the client and the client's custodian that indicates the fee to be withdrawn and how it was calculated from the account. A client may object to the deduction of our fees from the Account by notifying us at the address or telephone number shown on each billing invoice or by notifying client's custodian. The client's custodian shall also send a quarterly statement indicating the amount of fees withdrawn from the client's Account.

Clients should receive quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements.

### **16. INVESTMENT DISCRETION**

All Portfolio Management clients sign an investment management agreement that contains a limited power of attorney granting us discretionary power over the account. In discretionary accounts, we will be allowed to place trades, buy or sell securities of any type and in amounts it deems to be appropriate for the account, without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction.

If you own multi-share class mutual funds in a discretionary or non-discretionary account, SWM will direct the broker/dealer, clearing firm or custodian of your account to convert the mutual fund shares you own to the lowest cost share class available for the same funds at no cost or tax consequences to you. Such conversions will be made without notice. SWM will utilize the mutual fund share classes designated for the portfolio. This could result in SWM holding share classes where a lower cost share class is available.

## **17. VOTING CLIENT SECURITIES**

We will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact Mr. Lehrman or the issuing entity.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we do not have to provide a balance sheet.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs its ability to service its clients.

### **C. BANKRUPTCY**

We have not been the subject of a bankruptcy proceeding.