

**ITEM 1: COVER PAGE FOR PART 2A OF FORM ADV:  
FIRM BROCHURE**

**October 2019**



**The Stanich Group, LLC | IA Firm CRD# 282447  
DBA: "Cultivating Wealth"**

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*This brochure provides information about the qualifications and business practices of The Stanich Group, LLC. If you have any questions about the contents of this brochure, please contact us at (646) 693-7451 or by email at: Sara@StanichGroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about The Stanich Group, LLC is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

*Registration does not imply a certain level of skill or training.*

## **Item 2: Material Changes**

The Stanich Group, LLC is required to advise clients and prospective clients of any material changes to our Firm via this Brochure (ADV 2A). Material changes relate to The Stanich Group's policies, practices or conflicts of interests. The Stanich Group has material changes to the following Items to disclose:

- **Item 4** – Added “California & Texas” as states in which The Stanich Group, LLC is notice filed
- **Item 4** – Added “3<sup>rd</sup> Party Money Managers”
- **Item 5** – Added “Selection of 3<sup>rd</sup> Party Money Managers” information
- **Item 12** – Added “Third Party Money Managers” information
- **Item 15** – Added “First Accent Asset Management” as a potential custodian to be used

**Item 3: Table of Contents**

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## **Item 4: Advisory Business**

The Stanich Group, LLC (TSG) dba: “Cultivating Wealth” specializes in offering investment advisory services in the form of financial planning, discretionary investment management and financial consulting services to individuals, high net worth individuals, families, trusts, estates, businesses and charities. Our firm is a limited liability company founded and headquartered in the State of New York, registered with the Securities and Exchange Commission (SEC), and notice filed in New York, New Jersey, California, Texas & Pennsylvania. As of January 1, 2019, TSG had \$33,281,552 in discretionary assets under management (AUM).

### **Financial Planning**

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. TSG will also work with clients going through divorce to prepare detailed budgets, analyze the long term implications of multiple settlement options and produce the financial statements needed to achieve the best possible divorce settlement. Services Limited to Specific Types of Investments: TSG generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. TSG may use other securities as well to help diversify a portfolio when applicable.

### **Portfolio Management Services**

TSG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TSG creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

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

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

TSG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of TSG’s economic, investment or other financial interests. To meet its fiduciary obligations, TSG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, TSG’s

policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is TSG's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### **Investment Management**

TSG provides Discretionary investment management services. Our investment management service focuses on allocating assets among various asset classes, portfolio diversification, managing portfolio risk, while considering other general economic and financial factors. TSG offers financial advice and guidance to our clients and reviews existing and potential investments from a strategic and tactical asset allocation approach. Investments are chosen and structured based on the individual client needs. During our discovery process, we listen actively to the client's known and unknown objectives, review current investments, time horizons, risk tolerance, and liquidity needs. We also review and discuss the client's prior investment history, as well as family composition and investing background. We then assist clients with the management of their investments on a discretionary basis.

Account supervision and structure is guided by a client's objectives (i.e. capital appreciation, growth, income, or growth and income), as well as their specific tax situations and potential implications. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors on assets managed on a discretionary basis. Our investment recommendations are not limited to any specific security or industry and may include investment advice regarding the following types on investment vehicles:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Domestic Equities
- Foreign Equities
- Corporate Bonds
- Commercial paper
- Certificates of Deposit
- Municipal bonds
- U.S. Treasuries
- REITs
- Commodities
- 3<sup>rd</sup> Party Money Managers

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with a client's stated investment objectives, risk tolerance, liquidity needs, comfort level and suitability.

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

TSG will tailor a financial plan, which includes an investment strategy, for each client. This process starts with an initial discovery session to get to know the client, the client's specific needs and requirements. TSG will then create an investment portfolio for the client with a specific set of recommendations based on the client's personal needs, investment objectives, to include any personal and specific tactical restrictions which may be imposed by the client. Clients may impose certain restrictions on investing in specific securities and/or types of securities in accordance with their legal status, values and/or beliefs. However, if the requested restrictions prevent TSG from properly servicing the client's account, or the restrictions would require TSG to deviate from its standard service model, TSG reserves the right to decline these requests and/or end the relationship.

#### **Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to assist in the management of financial resources based upon an analysis of the given situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

#### **Item 5: Fees and Compensation**

TSG will receive compensation based on the type of advisory services TSG performs. The TSG investment advisory contract may be terminated by the client within five (5) business days of the signing of the advisory agreement/contract and the client will not be responsible for advisory fees incurred during that time. Please review the fee and compensation information below

#### **Financial Planning and Consulting Services**

We charge on an hourly and flat fee basis for financial planning, consulting and clerical services. The total estimated fee, as well as the ultimate fee that is charged, is based on the scope and complexity of our engagement with a client. Our hourly fees for financial planning and consulting are \$300/hr, while our fees for clerical work are \$100/hr. A minimum of four hours will be charged. Hourly fees are directly invoiced to clients monthly in arrears.

Service	Hourly Fee
Financial Planning	\$300
Consulting	\$300
Clerical Work	\$100

Flat fees are negotiated and will generally range from \$3,000 to \$10,000. Flat fees may either be charged monthly in advance or annually in arrears.

### **Investment Management Fee Structure**

TSG's discretionary investment management fees are charged in advance, and based on the market value of the assets under management at the end of the most recent quarter. TSG has a minimum annual fee of \$4,000 per client relationship.

Assets Under Management	Annual Fee
\$100,000 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$5,000,000	1.00%
\$5,000,001 – And Up	0.75%

### **Fee Billing**

Discretionary investment advisory fees are billed quarterly, in advance, based on the end of quarter balance of the accounts managed by TSG. The custodian being used will send a statement to the client(s) with the amount of AUM in each account managed by TSG. Clients have the option of paying the fee directly to TSG or give TSG the authority to deduct the fee due directly from the client's account.

### **Selection of 3<sup>rd</sup> Party Money Managers**

TSG is compensated via a fee share from the advisers to which it directs those clients. In each case, the other adviser (i.e. 3<sup>rd</sup> party money manager), not TSG, will direct the custodian as to the fee to be deducted from the client accounts. This relationship will be memorialized in each contract between TSG and each third-party adviser being used. The fees shared will not exceed any limit imposed by any regulatory agency.

Clients may terminate the agreement for a full refund of the fees (paid/due) within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the investment advisory contract at any time and for any reason with written notice to TSG. In such a case, TSG will receive pro-rata compensation based on the type of advisory services TSG performs during that time.

**Other Fees and Expenses**

TSG does not charge additional fees other than the Investment Advisory Fees disclosed above.

TSG does not receive or share any additional fees or expenses incurred by advisory clients.

TSG reserves the right to negotiate fees that differ from the fee structure disclosed above.

TSG clients will incur brokerage and other transaction costs by the custodian, in which TSG does not receive and/or share in these fees; see Item 12 for additional information.

TSG and its supervised persons do not accept any compensation for the sale of securities an/or other investment products or vehicles, including asset-based sales charges and/or service fees from the sale of mutual funds.

Lower fees for comparable services may be available from other sources.

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

The Stanich Group does not use or charge performance-based fees and/or participates in side-by-side management.

**Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals;
- High Net Worth Individuals;
- Trusts;
- Estates;
- Businesses;
- Charitable Organizations;

Our requirements for opening and maintaining accounts or otherwise engaging us:

- ❖ We require a minimum annual fee of \$4,000 for investment management services.

**Item 8: Methods of Analysis, Investment Strategies & Risk of Loss****Methods of Analysis**

We use fundamental analysis, cyclical analysis and modern portfolio theory in formulating our investment advice and/or managing client assets:

**Fundamental Analysis** - Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product



line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Modern Portfolio Theory** - Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### **Other Methods of Analysis**

From time to time we may factor in additional methods of analysis when managing portfolios. These methods of analysis include: Technical Analysis, Quantitative Analysis, and Qualitative Analysis.

**Technical Analysis** - Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Quantitative Analysis** - Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Qualitative Analysis** - Qualitative analysis is a securities analysis that uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity.

#### **Investment Strategies**

We believe that asset allocation across diverse investments is the key to long term success in reaching client objectives. A Client's portfolio is customized to that client's specific investment objectives and risk tolerance. All of our investment advice is based on using a strategic asset allocation methodology,

with prevailing long-term trends in mind. Short-term trends and strategies will not be employed unless necessary in accordance with client mandates.

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases and Sales:** When utilizing this strategy, we may purchase securities with the idea of selling them when they reach a specific price. This may happen within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe are oversold and may result in a movement in price to the upside.

We also may sell a security in a relatively short period of time (typically a year or less) if we believe that the fundamentals of that security have broken down and/or we are no longer bullish on that security.

#### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

**Market Risks** - All investments, particularly equities and debt securities are subject to market volatility, economic factors and various other market risks. The success of a particular investment may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. The Stanich Group has no way to accurately predict price movements of investments.

**Concentrated Positions** - Client portfolios may contain one or more highly concentrated investment positions and also may be heavily invested and/or over weighted in specific industries. This increases the potential volatility within a portfolio thus increasing the risk of loss relative to the overall markets as a whole.

**Small Capitalization Companies** - Assets may be invested in smaller 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 of 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.

**Non-U.S. Investments** - The Stanich Group may recommend that clients invest client funds in securities (debt, equity, currencies, derivatives, etc.) of companies domiciled outside the United States.(Primarily for diversification) Such investments expose the account 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, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

**Past performance is not indicative of future results. Investing in securities involves “risk of loss” that you, the client, should be prepared to bear.**

### **Item 9: Disciplinary Information**

The Stanich Group and its associated persons has not been the subject of any disciplinary actions and do not have any legal and/or disciplinary information to disclose. Any disciplinary information regarding The Stanich Group dba: Cultivating Wealth and/or its investment advisor representatives would be disclosed here; as well as additional information being disclosed on the The Stanich Group, IAR’s ADV Part 2B.

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

TSG nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

TSG nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Sara Stanich is a licensed insurance agent, but no longer participates in the sale of insurance products, and thus, does not receive compensation for the sale of insurance products.

TSG does not utilize nor select third-party investment advisers outside the use of ETFs and Mutual Funds. All investment portfolio allocations are actively managed by TSG.

### **Item 11: Code of Ethics, Client Transactions and Personal Trading**

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client, at any time. At the same time, we believe that

if investment goals of TSG associated persons are similar to that of clients, and therefore logical that there be common ownership of securities and portfolio structure.

### **Code of Ethics**

TSG has a written Code of Ethics that covers the following areas:

- Prohibited Purchases and Sales,
- Insider Trading,
- Personal Securities Transactions,
- Exempted Transactions,
- Prohibited Activities,
- Conflicts of Interest,
- Gifts and Entertainment,
- Confidentiality,
- Service on a Board of Directors,
- Compliance Procedures and Responsibilities,

Our Code of Ethics applies to all of our associated persons. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Client Transactions and Personal Trading**

Our firm's related person may invest in the same securities that our firm's related person recommends to clients. In order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

## **Item 12: Brokerage Practices**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided

- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, we recommend TD Ameritrade to our retail clients based on TSG's duty to seek "best execution," which is a part of our fiduciary obligation to our clients. Best execution refers to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and TSG may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in TSG's research efforts. TSG will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian. TD Ameritrade Institutional is a Division of TD Ameritrade, Inc., member FINRA/SIPC.

TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services.

The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of TD Ameritrade services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade 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.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade commission rates are generally discounted from customary retail commission rates. The commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Selecting Brokerage Firms**

The Stanich Group maintains the ability to work with multiple custodians and also maintains the right to recommend clients work with the qualified custodian that they feel most comfortable with based on the specific needs of the client. The Stanich Group does not receive fees or commissions from these arrangements. The Stanich Group will recommend a custodian based on the clients needs, historically proven integrity and financial responsibility.

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

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

### **Soft Dollars**

While The Stanich Group has no formal soft dollar program in which soft dollars are used to pay for third party services, The Stanich Group, may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). The Stanich Group, may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and The Stanich Group, does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. The Stanich Group, benefits by not having to produce or pay for the research, products or services, and The Stanich Group,

will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that The Stanich Group's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### **Best Execution**

We believe in using custodians that provide the best services at competitive rates. The reasonableness of commission rates is based on several factors, including the broker's ability to provide professional services, execution, 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 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. TD Ameritrade has a history of best execution performance that is well documented in various publications and testing results.

### **Client Brokerage Commissions**

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

### **Order Aggregation**

It is The Stanich Group's practice to aggregate transactions across multiple client accounts if and whenever possible, in an effort to obtain the best execution for our clients.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct The Stanich Group, to use one or more particular brokers for the transactions in their accounts. If clients choose to direct our firm to use a particular broker, clients should understand that this might prevent from effectively negotiating brokerage commissions on clients behalf. This practice may also prevent The Stanich Group, from obtaining a favorable price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that clients will obtain through a particular broker are adequately favorable in comparison to those that we would otherwise obtain for clients.

### **Held Away Account Services**

We have the ability to provide an additional investment management services for accounts not directly held at a qualified custodian but where we do have discretion and may leverage an Order Management System to implement asset allocation or rebalancing strategies on behalf of the client. These are primarily 401(k) accounts, 529 plans, variable annuities, and other assets we do not custody. We regularly review the current holdings and available investment options in these accounts, monitor the accounts, rebalance and implement our strategies as necessary. Currently, TSG as the ability to work with The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, commonly referred to as "TIAA-CREF" or "TIAA".



TSG may use the services of FeeX to assist us in the management of held away accounts. FeeX's Held Away Order Management system allows us to manage and trade held away accounts. We charge an annual percent fee for services provided to these held away accounts, which is either deducted from an account under our investment management service on a quarterly basis in advance or by other means such as invoicing. Fees are based on the assets within these accounts, and are charged an agreed upon negotiated fee or from the standard fee schedule, according to the valuation of the accounts at the close of the quarter as valued by the account custodian.

### **Third Party Money Managers**

TSG may determine that having an account with an independent third-party money manager is in a client's best interests. In these situations, we will provide the client with information about the money manager, including the services they provide and the fees they charge. You may approve or disapprove the use of the independent money manager for your account. Any money manager selected to manage an account for you will have discretion to determine the securities to buy and sell for the account, subject to any reasonable restrictions imposed by you. You will be provided with the money manager's ADV Disclosure Brochure, which you should carefully review for important details about the manager and their fees and services. Fees associated with third party managers will vary and will be fully disclosed to you before any manager is retained on your behalf. Fees will be described in detail in your investment advisory agreement and in the manager's ADV Disclosure Brochure. If we recommend the use of an independent 3<sup>rd</sup> party money manager, TSG will: Assist in the identification and ongoing review of your investment objectives; Recommend and assist in the selection of appropriate money managers; Recommend specific investment strategies offered by the money managers; Assist in the review of performance and progress toward your investment objectives; Recommend any appropriate changes to your investment strategy; Recommend the hiring and firing of money managers as needed

### **Trade Errors**

Trading errors can and do happen. If a trading error has occurred and was found to be the fault of The Stanich Group, it is The Stanich Group's policy is to restore a client's account to the position it should have been in had the trade error had not occurred. Depending on the circumstances, corrective actions may include canceling/busting said trade, adjusting the client account to reflect the appropriate asset allocation and/or the reimbursing of any fees to the client account.

## **Item 13: Review of Accounts**

While investments in discretionary accounts managed by the Stanich Group are reviewed continuously throughout the year, client account(s) are reviewed at least annually by Sara Stanich, President & Chief Compliance Officer (CCO) of The Stanich Group for appropriateness of the current target asset mix in relation to the client's overall account objective.

Once a financial plan is created, reviewed and implemented by the Stanich Group it is then up to the client and therefore the clients responsibility to inform us of any changes, items and/or factors to their specific situation that may alter their existing financial plan and account investment allocation.

### **Review Triggers**



Other than changes to a client's specific situation, reviews may be triggered by events such as changes to existing tax laws, material market related information, economic, geo-political events, and other material changes that we feel may warrant an other than annual review.

### **Regular Reports**

The Stanich Group's clients receive monthly and annual account performance statements from the custodian holding client assets. In addition, clients may also receive transaction confirmations from the account custodian being used.

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

### **Referral Fees**

The Stanich Group does not have any solicitor agreements in place nor do we pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## **Item 15: Custody**

The Stanich Group does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. The Stanich Group may recommend a qualified custodian based on the client's needs. At this time, TSG recommends assets be custodied at TD Ameritrade. Qualified custodians allow for direct debit of advisory fees. The Stanich Group does not have physical custody of any client funds and/or securities. Clients will receive account statements from the independent, qualified custodian (TD Ameritrade) holding client's funds and securities monthly. The account statements from the custodian(s) will indicate the amount of our advisory fees deducted from clients account(s) each billing period. Clients should carefully review account statements for accuracy. If clients have a question regarding account statements or if clients did not receive a statement from the custodian, please contact The Stanich Group, at the contact information provided on the cover page of this brochure, ADV 2A.

TSG has the ability to work with directly with The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund aka "TIAA";

TSG clients have the ability to work with 3<sup>rd</sup> party money managers through First Accent Asset Management as well as other qualified plan custodians and 529 plan custodians.

Fees associated with third party managers will vary and will be fully disclosed to you before any manager is retained on your behalf. Fees will be described in detail in your investment advisory agreement and in the specific manager's ADV Disclosure Brochure.

### **Safe Keeping and Safeguards in Custody**

- A. If The Stanich Group has custody of client funds it is solely a consequence of its authority to assist clients in making deposits and/or withdrawals from client accounts as well as in assisting clients with the payment of advisory fees.
- B. The Stanich Group has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- C. Each time a fee is directly deducted from a client account, The Stanich Group, concurrently:
  - i. Informs the qualified custodian the amount of the fee to be deducted from the client's account;
  - ii. The custodian sends the client a statement showing the deduction of the fee. This may include the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee. Clients may request a detailed itemization of the fees paid at any time and for any reason.
- D. The Stanich Group has implemented these transparent safeguards to help protect clients and their assets.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodian we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

The Stanich Group uses discretionary investment management with its clients. Discretionary trading authority allows The Stanich Group to place trades in client accounts on their behalf. Discretionary authority is granted via a limited power of attorney executed by the client. Clients have a right to decline to implement any advice provided by The Stanich Group, on a discretionary basis. The Stanich Group does not receive any portion of the transaction fees and/or commissions paid by the client to the custodian on any given trade/transaction. In certain situations, clients may impose restrictions that limit the Stanich Group from investing in specific investments.

## **Item 17: Voting Client Securities**

**Proxy Voting** - We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. Clients should direct all proxy questions to the issuer of the security and/or custodian.

**Class Action Lawsuits** - The Stanich Group does not determine if securities held by clients are the subject of a class action lawsuit or whether clients are eligible to participate in said class action settlement or litigation nor does The Stanich Group, initiate or participate in litigation to recover

damages on a client's behalf for damages as a result of said actions, misconduct, or negligence of said party.

## **Item 18: Financial Information**

### **Financial Condition**

The Stanich Group does not have any financial situation that will result in The Stanich Group from meeting contractual commitments to clients. A balance sheet is not required to be provided as The Stanich Group does not have custody of client assets.

- We do not require the prepayment of more than \$1,200 in fees;
- We do not require the prepayment of fees, six or more months in advance;
- We do not take custody of client funds or securities;
- We do not have a financial condition and/or commitment that impairs our ability to meet contractual and fiduciary obligations to clients;
- We have never been the subject of a bankruptcy proceeding;

## **Item 19: Additional Information**

### **Privacy**

The Stanich Group is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us by both prospects and clients. The categories of nonpublic information that we collect from clients may include information about a client's personal situation to the extent that it is needed for the money coaching and financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies, e.g., credit reports. The Stanich Group uses this information to assist clients with developing and the implementation of a client's financial plan. With a client's permission, The Stanich Group will disclose limited information to attorneys, accountants, and mortgage lenders and to whom ever a client has an established relationship. The Stanich Group, shares limited amounts of information about clients with service providers, such as the custodian of clients account, so that we may enhance the service level provided to clients. The Stanich Group maintains a secure location for the storage of client information. The Stanich Group employs a firewall, secure data encryption techniques and authentication procedures on our computer network and cloud providers. We will never provide a client's personal information to mailing list vendors, solicitors and/or third parties of any kind. We require strict confidentiality in our agreements with unaffiliated third parties that require access to a client's personal information, including financial service firms, consultants and auditors. Federal and state securities regulators may review our company records and client's personal records as permitted by law. Personal information about clients will be maintained for the required period. Thereafter, records are required to be maintained by federal and state securities laws. After that time, information will be either destroyed or returned to the client. The Stanich Group will notify clients in if the The Stanich Group's privacy policy were to change. We are required by law to deliver this Privacy Policy to clients annually.

### **Business Continuity Plan (BCP)**

The Stanich Group has created a written BCP that is available to clients and prospects upon request. A written BCP helps in identifying procedures relating to an emergency or significant business disruption, including death or incapacitation of the investment adviser or any of its representatives. Such procedures are in place to help The Stanich Group's IARs meet their existing fiduciary obligations to their clients.

**Conflicts of Interest Disclosure**

The Stanich Group discloses all material conflicts of interest prior to a client signing the The Stanich Group, Investment Advisory Agreement. This is done verbally and through The Stanich Group's ADV Brochures Part 2A & 2B.

**Chief Compliance Officer (CCO)**

The Securities and Exchange Commission requires investment advisors designate a "Chief Compliance Officer" (CCO) to administer its compliance and regulatory responsibilities, internal policies and procedures, to include the supervision of its associated persons. Sara Stanich is the President & CCO of The Stanich Group, LLC dba: Cultivating Wealth.