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**Form ADV Part 2A**  
**Firm Brochure**  
**March 10, 2017**

This brochure provides information about the qualifications and business practices of Sage Stone Wealth Management LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at (858) 412-6404.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Sage Stone Wealth Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 155477.

While the firm and its associates may be notice filed and/or registered within a particular jurisdiction, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 - Material Changes**

Sage Stone Wealth Management LLC amended its March 22, 2016 Form ADV Part 2A brochure due to an update to the firm's reportable assets under management as of its most recent fiscal year end (Item 4).

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (858) 412-6404 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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### **Important Information**

Throughout this document, Sage Stone Wealth Management LLC shall also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*, and may refer to natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

## **Item 4 - Advisory Business**

### **Description of the Firm**

Sage Stone Wealth Management LLC is a California-domiciled limited liability company and registered investment advisor. Our firm is not a subsidiary of, nor does it control, another industry entity. In addition to its original registration in 2010, the firm and its associates may notice-file, register or meet certain exemptions to registration in jurisdictions in which investment advisory business is conducted.

Mary Naber King is the firm's President and Chief Compliance Officer. Michael Lopez is the Vice President of Financial Analytics and Operations. Ms. King retains 100% of the firm's membership units ("shares"). Further information about Ms. King and Mr. Lopez may be found in their accompanying brochure supplement.

### **Description of Advisory Services Offered**

Sage Stone Wealth Management LLC provides a range of solutions to its clients that includes financial consultation, portfolio management, separate account management and portfolio monitoring services. An initial complimentary interview is conducted by a firm representative to discuss your current situation and objectives so that we may determine the scope of services that may be provided to you. During or prior to your first meeting, we will provide you with our current Form ADV Part 2A firm brochure that incorporates our privacy policy statement, and you will receive a brochure supplement about the investment advisor representative who will be assisting you.

Should you wish to engage our firm for its services, you must first execute our written agreement; thereafter, discussion and analysis will be conducted to determine your financial needs, goals, ethical values, holdings, etc. Depending on the scope of the engagement, we may require current copies of the following documents early in the process:

- Wills, codicils and trusts
- Insurance policies
- Mortgage information
- Tax returns
- Current financial specifics including W-2s or 1099s
- Information on current retirement plans and benefits provided by your employer
- Information on government benefits such as a Social Security statement
- Statements reflecting current investments in retirement and non-retirement accounts
- Employment or other business agreements you may have in place
- Completed risk profile questionnaires or other forms provided by our firm

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to: source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that you have provided to us which will then be used in the advisory process.

It is essential that you inform our firm of significant issues that may call for an update to your plan. Events such as changes in employment or marital status, an unplanned windfall, etc., can have an impact on your circumstances and plans. Our firm needs to be aware of such events so that adjustments may be made as necessary.

### ***Comprehensive Portfolio Management***

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, tolerance for risk and ethical concerns. Based on what we learn, we will propose an investment approach to the client. We may recommend an investment portfolio consisting of exchange-traded funds (ETFs), mutual funds, individual stocks or bonds, or other securities.

Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

We may utilize separate account managers, where we may design an investment portfolio and provide ongoing corresponding Comprehensive Portfolio Management services on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisors, we make sure that the other advisors are properly licensed or registered within your jurisdiction. We pay compensation to separate account managers for services rendered by these firms to our clients as well as our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. The advisory fee paid to separate account managers shall be negotiable in certain circumstances but shall never exceed the overall amount in our published fee statement (usually 25% to 50% of the overall advisory fee is paid to the separate account managers for their services).

### ***Financial Consultations***

We provide a variety of financial consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial services will involve rendering one or more financial consultations for clients based on the client's financial goals and objectives. This consulting may encompass one or more of the following areas:

- Investment Planning
- Retirement Planning
- Estate Planning
- Charitable Gift Planning
- Education Planning
- Real Estate Analysis
- Mortgage/Debt Analysis

- Insurance Analysis
- Lines of Credit Evaluation
- Business and Personal Financial Planning
- Strategic Cash Management
- Ethical Values Investing

Our financial consultations 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 educational accounts or charitable giving programs.

Consultations are typically completed within six 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. If a client who utilizes our Financial Consultation Services chooses to utilize our Comprehensive Portfolio Management Service within three months of engaging us for a financial consultation, the fee for our Financial Consultation Service may be credited against our fee for Comprehensive Portfolio Management Services.

### ***Separate Account Management***

Individual and institutional clients, as well as other investment advisors (“other advisor”) may retain Sage Stone Wealth Management LLC as sub-investment advisor (“sub-advisor”), to manage investment and reinvestment of client account assets. Our Separate Account Management Services works as follows:

- The other advisor appoints our firm as sub-advisor to act as their agent and attorney-in-fact, and delegates to us limited power and authority and discretion to buy, sell or otherwise effect transactions for certain client accounts. Our firm agrees that the investment and reinvestment of the assets is in accordance with the investment objectives and policies as set forth in the agreement between our firm and the client or their advisor, and subject to all restrictions applicable to the account as communicated in writing by the advisor to our firm. Such investment objectives, policies and restrictions may be occasionally amended by written notification of the advisor to our firm. The advisor will promptly forward to us in writing any and all changes to such investment objectives, policies and restrictions.
- At the reasonable request of the client or the advisor, representatives of our firm will from time-to-time participate in periodic consultations by telephone with a client regarding management and performance of the account.

### ***Investment Policy Statement Creation and Review***

We may write and/or revise an Investment Policy Statements (IPS) for various foundations or other types of clients. An IPS is a document, generally between a client and an investment advisor, recording the agreements the two parties come to with regard to issues relating to how an investor's account is to be managed. In other cases, an IPS may also be created by an investment committee (e.g., those charged with making investment decisions for an endowment or pension plan) to help establish and record its own policies in order to assist in future decision-making or to help maintain consistency of its policies by future committee members or to clarify expectations for prospective investment advisors who may be hired by the committee.

The presence of an IPS helps to clearly communicate to relevant parties the procedures, investment philosophy, guidelines and restrictions to be adhered to by the parties. It can be seen as a directive from the client to the investment advisor about how the money is to be managed, but at the same time the IPS should provide guidelines for all investment decisions and responsibilities of each party.

### ***Portfolio Monitoring***

Our Portfolio Monitoring Service provides for periodic reviews but does not allow for trade execution or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or through another investment advisor.

### Client-Tailored Services and Client-Imposed Restrictions

We offer investment advice to clients utilizing the following services:

- Comprehensive Portfolio Management
- Separate Account Management Services
- Financial Consultations
- Investment Policy Statement Creation and Review
- Portfolio Monitoring

We encourage clients to impose reasonable and clear restrictions on investing in certain securities or types of securities or industries based on their ethical values. For example, clients may express moral or social based objections to investing in certain companies or industries.

### Wrap Fee Programs

We offer wrap fee programs as further described in Part 2A - Appendix 1 (the Sage Stone Wealth Management "Wrap Fee Program Brochure"). Clients with over five million dollars (\$5,000,000) in assets under management with our firm will generally be invited to participate in a wrap fee program. Our wrapped and unbundled services accounts are managed on an individualized basis according to the client's investment objectives, time frame, risk tolerance, and ethical values. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As described in our Wrap Fee Program Brochure we receive a portion of the advisory fee for our services.

### Client Assets Under Management

As of December 31, 2016, our firm had approximately \$118.2 million<sup>1</sup> of reportable client assets under management; \$113.5 million on a discretionary basis, and \$4.7 million on a nondiscretionary basis (defined in Item 16).

### General Information

We do not provide legal or accounting services. With your consent, we may work with your other advisors (attorneys, accountant, etc.) to assist with coordination and implementation of accepted strategies. You should be aware that these other advisors will charge you separately for their services and these fees will be in addition to our advisory fees.

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<sup>1</sup> Term "assets under management" and rounding to nearest \$100,000 per the SEC's *General Instructions for Part 2 of Form ADV*.

Our firm will use its best judgment and good faith effort in rendering its services. Sage Stone Wealth Management LLC cannot warrant or guarantee any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any rights that a client may have under federal and state securities laws.

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

### **Method of Compensation and Fee Schedule**

#### ***Comprehensive Portfolio Management***

Our firm's fee for Comprehensive Portfolio Management will be based on the market value of assets under management and will be calculated at up to one percent (1%) of all assets under our firm's management. These fees are billed on a prorated, annualized basis and will be paid quarterly, in arrears, based on the value of your account on the last reportable market day of the quarter.

#### ***Financial Consultations***

We charge on an hourly basis for financial consultation services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$250 and we bill in six-minute increments (10 increments per hour); partial increments will be treated as a whole increment.

#### ***Separate Account Management***

The other investment advisor who has engaged our firm will pay to our firm compensation of up to one-half the total investment advisory fee charged to the client by the other advisor for managing their client's account. If our client engages the other advisor directly, separate account management fees shall be based on the market value of assets under management and shall be calculated at up to one percent (1%) of all assets under management.

#### ***Investment Policy Statement Creation and Review***

We charge between \$5,000 and \$25,000 for the creation of a new Investment Policy Statement or the review of an existing one.

#### ***Portfolio Monitoring***

Our firm's annual fee for Portfolio Monitoring Services is based on the market value of assets under management and calculated at up to 0.50% (50 basis points) of the assets being monitored. These fees are billed on a prorated, annualized basis and are to be paid quarterly, in arrears, based on the value of your account on the last reportable market day of the quarter.



### ***Aggregation of Accounts for Purposes of Fees***

For the benefit of discounting your asset-based fee, we may aggregate asset-based accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. We reserve the right to apply our fee schedule separately to each account if investment objectives are substantially different for any two or more household accounts, and requiring different investment approaches or operational requirements.

### ***Discounting of Advisory Fees***

The services to be provided and their specific fees will be detailed in each engagement agreement. Our published fees may be discounted by our firm but they are not negotiable.

### **Client Payment of Fees**

#### ***Comprehensive Portfolio Management***

Our firm's fees are billed on a prorated, annualized basis that is paid quarterly in arrears. Accounts will be assessed in accordance with asset values disclosed on the statement the client will receive from the custodian of record for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and you may choose to separately seek such an opinion at your own expense as to the valuation of "hard-to-price" securities if necessary.

Fees will generally be deducted from your account on the last business day of the month following quarter end. In rare cases, we will agree to directly bill clients. The withdrawal of these fees will be accomplished by the selected custodian, not by our firm, and the custodian will remit our fees to our firm. By signing our firm's advisory agreement as well as the custodian account opening documents, you will be authorizing the withdrawal of transactional and advisory fees from your account. All fees deducted will be clearly noted on account statements that you will receive directly from the custodian of record on a quarterly or more frequent basis.

#### ***Financial Consultations***

Fees are due upon receipt of the firm's invoice for services rendered.

#### ***Separate Account Management***

Our firm's compensation will be paid within one month after the other advisor's receipt of such investment advisory fees. If our firm serves as the sub-advisor for less than the whole of any period for which the other advisor's compensation is calculated, our compensation is due and payable on a prorated basis for the period during which we served as sub-advisor to a client's account. Fees will generally be automatically deducted from the managed account within a few days after the quarter's end. In rare cases we will agree to directly bill clients. Fees will be withdrawn in the same fashion as described in the previous *Comprehensive Portfolio Management* paragraph.

#### ***Investment Policy Statement Creation and Review***

In most cases, our firm requires an advance deposit of one-half of the project's estimated cost, and the remainder is due within 30 days of completion and presentation of our invoice.

## ***Portfolio Monitoring***

We will directly bill you or, with your permission, the other investment advisor for our Portfolio Monitoring Service. We will send a written notice of the fees to be deducted from the account which will include the total fee assessed, covered time period, calculation formula utilized, and the assets under management on which the fee has been based. Our bill is due and payable within 30 days.

### Additional Client Fees

Any custodial or transactional fees (sometimes termed *brokerage fees*) assessed by selected service providers, individual retirement account fees, or qualified retirement plan account termination fees will be borne by the account holder and are per those provided in current, separate fee schedules of any selected service provider. Fees paid by our clients to our firm for our advisory services are separate from any transactional charges a client may pay, as well as those for mutual funds, ETFs, exchange-traded notes (ETNs), or other investments of this type.

Further information about our fees in relationship to our business practices are noted in Items 12 and 14 of this document.

### External Compensation for the Sale of Securities to Clients

Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive "trailer" or SEC Rule 12b-1 fees from an investment company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. You retain the option to purchase recommended or similar investments through your own selected service provider.

### Termination of Services

Either party may terminate the agreement at any time by communicating the intent to terminate in writing. If you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute. Sage Stone Wealth Management LLC will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that we inform the custodian of record that the relationship between parties has been terminated.

If our Form ADV Part 2 brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract, then you have the right to terminate the engagement without fee or penalty within five business days after entering into the agreement. Should you terminate an engagement after this date, you may be assessed fees for any time or charges incurred by our firm in the preparation of your plan or investment allocation, and/or the number of days your investment account had been under the firm's supervision.

If you were required to provide an initial deposit of \$1,200 or more for a planning services engagement, you provided all requisite information, and such plans or services have not been delivered to you within six months' time from the date of the engagement, you may be entitled to a refund.

The firm will return any prepaid, unearned fees within 30 days of the firm's receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice. Our return of payment to a client for a planning service will only be completed via check from our firm's US-based financial institution; no credits or "transaction reversals" will be issued. We will only coordinate remuneration of prepaid asset-based fees to an investment account via the account custodian. Return of prepaid fees will never involve a personal check, cash or money order from our firm or from an associate of our firm.

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

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to our firm's practices.

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

We provide our advisory services to individuals and high net worth individuals, charitable organizations and foundations, pension and profit sharing plans, and we also offer our services to businesses of various scale. We require a minimum account balance of \$250,000 for our Comprehensive Portfolio Management Services, as well as a minimum fixed fee of \$5,000 for our Investment Policy Statement Creation and Review Services.

We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

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

##### ***Method of Analysis***

We employ a fundamental analysis methodology; evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. In addition to our own research, the firm's recommendations may also be drawn from research sources that include corporate rating services, investment analysis and reporting software, materials from economists and other industry professionals; company press releases, annual reports, prospectuses and regulatory filings. We make asset allocation and investment policy decisions based on these and other factors. We will discuss with you how, in our best judgment, to meet your objectives while concurrently seeking a prudent level of risk exposure.

##### ***Investment Strategies***

We recognize that each client's needs and goals are different; consequently, portfolio strategies and underlying investment vehicles may vary. Depending on the client's situation, a portfolio may include a combination of more than one of the following strategies.

A client's portfolio may be composed of ethically screened mutual funds that best reflect their social/moral values. Portfolios are made up of individual stocks, screened for the client's ethical concerns, and based or modeled after common global indexes such as the S&P 100 Global Index. When we "screen" portfolios, we are intentionally avoiding investment in those companies that are not aligned with each client's individual

values. With this indexing strategy of individual stocks, we may provide active management in the adjustment of holdings to potentially more promising sectors to improve portfolio performance or reduce risk during uncertain times in the market.

Other client portfolio strategies include an “Inflation Hedged Strategy” which utilizes treasury inflation-protected securities (TIPS), natural resources, energy, precious metals, and real estate investment trusts (REITs).

Our “Dividend Strategy” focuses on maximizing cash flow from master limited partnerships (MLPs), preferred stocks, and defensive, value-oriented dividend sectors such as utilities, energy, consumer staples, REITs and telecommunication.

We generally invest client’s cash/fixed-income allocation into money market funds, FDIC-insured<sup>2</sup> certificates of deposits (CDs), investment-grade bonds and US Treasuries. In many instances a client account may have a partial “cash balance” maintained in a money market account so that our firm may debit its advisory fees for those services related to Comprehensive Portfolio Management and Separate Account Management.

#### Investment Strategy and Method of Analysis Material Risks

##### ***Investment Strategy Risks***

We believe our strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear; a loss that may include some of or their entire invested principal. We offer examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each of them risk prior to investing.

Active Management Risks – A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

Company Risk – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

##### Ethical Investing

Our firm exists for the express purpose of providing investment management services and products that are consistent with our clients’ ethical values. When we begin working with a client, we obtain the broadest understanding as to industries of the market that the client wishes to avoid, and we then do our best to ensure that those values and intents are reflected. Ethical investing does not promise perfection. First, there may be certain companies a client wishes to avoid that didn’t come up in our conversations.

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<sup>2</sup> Sage Stone Wealth Management LLC is not a financial institution, is not a member of the Federal Deposit Insurance Corporation (FDIC), nor is required to be an FDIC member. You may learn more about the FDIC and how it serves financial institution depositors by going to their website at [www.fdic.gov](http://www.fdic.gov). Securities recommended through our advisory firm are not FDIC-insured.

Upon discovery, we can apply those screens too. Second, a company that was originally acceptable may purchase a subsidiary and/or become involved in a problematic area, and there may be some passage of time before our ethical screening software captures these changes. Upon discovery, we sell the company. Third, some areas may fall into the "grey" -- types of companies that inspire conversation and again, if necessary, can simply be sold if the client is uncomfortable with the company's level of exposure to an area of concern. Finally, while both empirical and historical data since the early 1990s has conclusively demonstrated that there is no "financial cost" to ethical screening, we may still see more volatility in the portfolio based on the number of industries the client wishes to avoid. Further, if screening becomes exceedingly restrictive (e.g., the client only wants US-based umbrella manufacturers) we should expect to see a statistically significant difference in performance from a comparable, more diversified benchmark.

**Failure to Implement** – As a planning client, you are free to accept or reject any or all of our recommendations made to you. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their plan may face an increased risk that their stated goals and objectives will not be achieved.

**Financial Risk** – Excessive borrowing to finance business operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Fundamental Analysis** – The challenge involving fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value.

**Market Risk** – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.

**Passive Investing** – A portfolio that employs a passive, efficient markets approach has the potential risk at times to generate lower-than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may be a deviation from the average return for the asset class.

**Political Risk** – The risk of financial or market loss because of political decisions or disruptions in a particular country or region, and may also be known as "geopolitical risk."

**Research Data** – When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### ***Security-Specific Material Risks***

**Equity (Stock) Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

**ETF/ETN and Mutual Fund Risk** – The risk of owning ETFs/ETNs and mutual funds reflect their underlying securities (e.g., stocks, bonds, etc.). ETFs/ETNs and mutual funds also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Leveraged or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is based on the fact that leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis*. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse funds, therefore, do not necessarily align with a portfolio where a "buy-and-hold" philosophy is important.

**Fixed Income Risks** – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- **Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- **Duration Risk** - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- **Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- **Liquidity Risk** - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- **Reinvestment Risk** – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

**Index Investing** – Certain ETFs and indexed funds have the potential to be affected by "active risk" (or "tracking error risk"), which might be defined as a deviation from a stated benchmark.

**Master Limited Partnerships** – Investing in MLPs involve certain risks related to investing in their underlying assets, as well as the risks associated with pooled investment vehicles (certain pooled investments may be less regulated than others). In addition, MLPs that concentrate in a particular industry or a particular geographic region are subject to risks associated with the specific industry or region.

A potential benefit derived from a MLP is also dependent on the holding being treated as a partnership for federal income tax purposes; if part or all of the MLP is not, it may have potential adverse tax effects on a portfolio.

**QDI Ratios** – While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are certain asset classes and holding periods within some investment vehicles that may cause that vehicle not to benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF, ETN or mutual fund portfolio,) may be considered “non-qualified” under certain tax code provisions. A particular investment’s QDI will be considered when tax-efficiency is an important aspect of the client’s portfolio.

**Real Estate Investment Trusts** - Risks involved in REIT investing include:

- following the sale or distribution of assets an investor may receive less than their principal invested
- a lack of a public market in certain issues
- limited liquidity and transferability
- a fluctuation of value of the assets within the REIT
- reliance on the investment manager to select and manage assets
- changes in interest rates, laws, operating expenses, and insurance costs
- tenant turnover
- current market conditions

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

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

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

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Our firm and its associates are engaged for fee-only advisory services. As such, neither the firm nor its management is registered or has an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person, nor are we required to be registered with such industry entities. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- insurance company or insurance agency
- lawyer or law firm
- pension consultant
- real estate broker, dealer or advisor

- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

Upon your request, you may be provided a referral to various professionals, such as an accountant or attorney. While these referrals are based on the best information made available, the firm does not guarantee the quality or adequacy of the work provided by these referred professionals. There is not an agreement with these entities nor are referral fees received from these professionals for such informal referrals. Any fees charged by these other entities for their services are separate from fees charged by our firm.

As noted in Item 4 of this brochure, when appropriate we may utilize separate account managers where we may design an investment portfolio and provide ongoing corresponding Comprehensive Portfolio Management services on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisors, we make sure that the other advisors are properly registered or notice-filed within your jurisdiction. We pay compensation to separate account managers for services rendered by these firms to our clients as well as our firm, as described in Item 5.

In certain situations, a portfolio manager employed by our firm may be engaged as the separate account manager. This may create a potential conflict of interest since the firm has an incentive to refer clients to its own portfolio manager and possibly receive a greater percentage of the asset-based fee. In light of this issue, the firm will ensure it utilizes the same due diligence and selection/termination criteria for each portfolio manager, in addition to further scrutiny by compliance and supervisory staff to ensure appropriate portfolio selection, fees and other compensation meet within the account investment policy statement, firm procedures, and regulatory guidelines.

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

### **Code of Ethics**

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. An investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor’s responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.

We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with 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. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients as a summary of our Code of Ethics. However, 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.



## Privacy Policy Statement

We respect the privacy of all clients and prospective clients (collectively termed “customers”), both past and present. It is recognized that you have entrusted our firm with non-public personal information and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

Our firm collects personal information about customers from the following sources:

- Information customers provide to complete their financial plan or investment recommendation;
- Information customers provide in engagement agreements and other documents completed in connection with the opening and maintenance of an account;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about customers’ transactions.

Our firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our customers have requested;
- When our customers have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access to customer information is restricted to personnel that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes, for example, providing information about a spouse’s IRA or to adult children about parents’ accounts, etc.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

The firm will provide our customers with its privacy policy at any time, in advance, if firm privacy policies are expected to change.

## Firm Recommendations and Conflicts of Interest

Neither the firm nor an associate is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a “related person” (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as a board member, underwriter or advisor to an issuer of securities, etc.

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved lending institution.

Our firm remains focused on ensuring that its offerings are based upon the needs of its clients, not resultant fees received for such services. We want to note that you are under no obligation to act on a recommendation from our firm and, if you elect to do so, you are under no obligation to complete them through our firm or a service provider whom we may recommend.

Our firm does not trade for its own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client recommendation, etc.), firm policy may require that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of the accompanying Form ADV Part 2B for further details.

## **Item 12 - Brokerage Practices**

### **Factors Used to Select Broker/Dealers for Client Transactions**

Sage Stone Wealth Management LLC does not maintain physical custody of any of your assets (see Item 15). Your assets must be maintained in an account at a "qualified custodian" (generally a broker/dealer, bank or trust company) that is frequently assessed for its capabilities to serve as a custodian by their respective industry regulatory authority. Our firm is not a custodian, do we have an affiliate that is a custodian, nor does a custodian supervise our firm, its associates or our business practices.

When engaged to provide consultation or portfolio monitoring services, we may recommend the service provider with whom your assets are currently maintained. If you prefer a new service provider, our recommendation of another service provider would be based on your needs, overall cost, and ease of use.

If you have engaged our firm to provide investment management services, we generally recommend our clients use National Financial Services LLC and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"). Fidelity is a FINRA and SIPC member,<sup>3</sup> and an independent SEC-registered broker/dealer. As stated earlier, our firm is independently owned and operated, and is not legally affiliated with Fidelity or any other firm we may recommend.

Fidelity will hold your assets in an account in your name and will buy and sell securities when we instruct them. We technically do not open the account for you, although we assist you in doing so. If you do not wish to place your assets with Fidelity, then we may not be able to manage your account under certain forms of our investment agreements.

The institutional platform services Fidelity provides us include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services assist us in managing and administering clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements),
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts,
- provide research, pricing and other market data,
- facilitate payment of fees from its clients' accounts, and
- assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help the firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, third party research, publications,

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<sup>3</sup> Our firm is not, nor required to be, a FINRA or Securities Investor Protection Corporation (SIPC) member. You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

Fidelity's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of these account asset minimums with Fidelity. They generally does not charge us separately for custody services but will be compensated by non-wrap fee program account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (e.g., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. It should also be noted that several years' ago Fidelity had paid nearly \$40,000 worth of service provider fees to encourage our firm to move our business to them.

Fidelity is providing our firm with certain brokerage and research products and services that may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. We don't have to pay for Fidelity's services so long as our clients maintain assets in accounts at Fidelity. Beyond that, these services are not contingent upon us committing any specific amount of business to Fidelity in trading commissions or assets in custody.

There is an incentive for our firm to select or recommend a particular broker/dealer, such as Fidelity, based on our firm's interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. This is a conflict of interest; however, we believe our selection of Fidelity as custodian is in the best interests of our clients and our selection is supported by the scope, quality, and price of Fidelity's services as a whole, not Fidelity's services that only benefit us. We have also determined that having Fidelity execute most trades is consistent with our duty to seek "best execution" of your trades (see following section). We periodically conduct an assessment of any service provider we recommend, including Fidelity, which may include a review of their range of services, reasonableness of fees, among other items, in comparison to their industry peers.

#### Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions*. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined that having our firm's trades executed through Fidelity is consistent with our duty to seek best execution of your trades. We also periodically review policies regarding our recommending service providers to our clients in light of our duty to seek best execution.

#### Directed Brokerage

Our internal policy and operational relationship with Fidelity requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of Fidelity or another executing broker of

our Fidelity's choice. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case.

Since we routinely recommend Fidelity for our advisory clients, and Fidelity may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in this section from Fidelity. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on our client accounts' cash balances.

As our client, you may direct our firm (in writing) to use another particular broker/dealer to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your selected broker/dealer. We will be limited in our ability to execute trades on your behalf and you may be required to do these on your own.

We will not be obligated to seek better execution services or prices from these other broker/dealers, or be able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case. Pursuant to our obligation of best execution, we may decline a request to direct brokerage if we believe any directed brokerage arrangement would result in additional operational difficulties or risk to our firm.

#### Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked," "bunched" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated to, aggregate orders and we do not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, nondiscretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review both our trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

### Trade Errors

Our firm corrects its trading errors through an account maintained by our custodian. Trading gains are swept out to a designated account maintained by our custodian and are donated to a 501(c)(3) charity of our choice. The charity will not be a foundation or charitable organization that would create a conflict of interest involving our firm, such as a client of the firm.

### Client Referrals from Custodians

We do not receive referrals from our custodian; nor are client referrals a factor in our selection of our custodian.

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

### Periodic Reviews

We review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management and Separate Account Management Services. Portfolio Monitoring clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Investment Consultants or Portfolio Managers will conduct reviews.

Our Financial Consulting and Investment Policy Statement Creation and Review Clients receive reviews only when contracted. We do not have an ongoing responsibility to update these clients.

### Non-Periodic Reviews

We may review client accounts more frequently than described in the previous paragraph. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Only our Investment Consultants or Portfolio Managers will conduct reviews.

Our Financial Consulting and Investment Policy Statement Creation and Review Clients receive reviews only when contracted.

### Client Reports and Frequency

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear. We may provide general reports if we are engaged to provide financial consultation; however, we do not provide ongoing performance reporting under these engagements.

For our Comprehensive Portfolio Management, Separate Account Management, and Portfolio Monitoring Services engagements, our clients' may receive quarterly and/or annual written performance reports that have been prepared by our firm using third-party software. These reports are calculated using money-weighted and/or time-weighted methodologies to inform clients about their portfolio performance over the current period and since account inception. Our reports are reviewed for accuracy by operations staff prior to delivery, as well as periodic back-testing by compliance personnel. Clients are urged to carefully review and compare account statements that they have received from their custodian of record with any report from our firm that includes performance information.

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

### **Economic Benefit from External Sources and Potential Conflicts of Interest**

We may receive an economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisors. As disclosed under Item 12, our firm participates in Fidelity's institutional platform program and we recommend Fidelity to our clients for custody and brokerage services. While there is no direct link between our participation in the Fidelity program and the investment advice we give our clients, our firm does receive economic benefit through its participation in the program that are typically not available to "retail investors." As part of our fiduciary duty, Sage Stone Wealth Management LLC will endeavor at all times to put the interests of our clients first. Our clients should be aware, however, that the receipt of any economic benefit by our firm or its associates in and of itself creates a conflict of interest and may appear to influence our choice of Fidelity for custody and brokerage services.

### **Advisory Firm Payments for Client Referrals**

We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the right to accept or deny such referral or their subsequent services.

An associate of the firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. The firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

## **Item 15 - Custody**

Your funds and securities will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by our firm or any of our associates. In keeping with our policies involving custody, we:

- Restrict the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibit an associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have custody of your assets since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of a qualified unaffiliated custodian maintaining your account assets, and with your prior written approval;
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;

- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

Your custodian of record will provide you with your investment account transaction confirmations and account statements, which will include all debits and credits as well as our firm's advisory fee for that period. Client account statements are provided on at least a quarterly basis and confirmations are provided as transactions occur within your account. Our firm will not create an account statement for a client nor serve as the sole recipient of a client account statement. Should you ever receive a report from our firm that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your custodian of record with any performance report from our firm.

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

We provide our various forms of investment advisory services (as described in Item 4) under either *discretionary* or *nondiscretionary* account authority (basis), and as determined by your written engagement agreement. We generally provide our investment supervisory services under a discretionary agreement.

Via limited power of attorney, discretionary authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated account objectives. This authority will be granted through your execution of our engagement agreement and the custodian's account opening documents. The custodian maintaining your account will specifically limit our firm's authority to the placement of trade orders and the request for the deduction of advisory our fees.

Should you prefer your account to be managed on a nondiscretionary basis, your prior approval must be made for each transaction with regard to the investment and reinvestment of account assets or for the firm to give instructions to the service provider maintaining your account. In light of the requirement for your pre-approval, you must make yourself available and keep us updated on your contact information so that instructions can be efficiently effected on your behalf.

You may amend our account authority by providing our firm revised written instructions. As noted in Item 4, we will allow for reasonable restrictions involving the management of your account. It remains your responsibility to notify us if there is any change in your situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

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

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. If we receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf, including accounts that we have discretionary authority. We do not offer guidance on how to vote proxies, nor will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other

litigation involving client assets. We will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings.

You should consider contacting the issuer or your legal counsel involving specific questions you may have with respect to a particular proxy solicitation or corporate action.

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

Our advisory firm will not take physical custody of your assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record) subsequent to your written agreement.

Engagements with our firm do not require that we collect fees from you of \$1,200 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

#### **Business Continuity Plan**

Our firm maintains a business continuity and contingency succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.