



Sage Stone Wealth Management LLC
7946 Ivanhoe Avenue/Suite 316
La Jolla, CA 92037

Telephone: (858) 412-6404
Facsimile: (858) 605-9608
www.sagestonewealth.com

Wrap Fee Investment Program
Form ADV Part 2A - Appendix 1
Wrap Fee Program Brochure
March 10, 2017

This wrap fee program 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. 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 wrap brochure due to an update to our reportable assets under management as of our last 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 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.

Item 3 - Table of Contents

<u>Topic</u>	<u>Page</u>
Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Services, Fees and Compensation	4
Item 5: Account Requirements and Types of Clients	9
Item 6: Portfolio Manager Selection and Evaluation	10
Item 7: Client Information Provided to Portfolio Managers	15
Item 8: Client Contact with Portfolio Managers	15
Item 9: Additional Information	15

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 - Services, Fees and Compensation

Description of Our Advisory 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.

As of December 31, 2016, our firm had approximately \$118.2 million¹ of reportable client assets under management; \$113.5 million on a discretionary basis, and \$4.7 million on a nondiscretionary basis.

Description of Services Offered

Our wrap fee investment program encompasses asset management and financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. Our program is designed to offer clients the opportunity to obtain professional portfolio management services via institutional money managers and their investment strategies, as well as brokerage services in support of the account, for an all-inclusive fee that is based upon the client's assets under management.

Brokerage services are provided through the institutional services division of National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity"), a FINRA and SIPC member.² Fidelity offers to independent investment advisers various services which may include custody of securities, trade execution, clearance and settlement of transactions, and in which our firm receives support from Fidelity through our participation in their program offerings (please see Item 9 of this brochure for additional information).

In addition to our own portfolio manager, investment management services are offered by a select group of institutional money managers that our firm has determined appropriate for various asset classes or investment strategies. Sage Stone Wealth Management LLC also provides its expertise involving the individualized investment consultation aspect of the engagement.

Getting Started

To begin, an introductory interview is provided by a representative of our firm to determine the scope of services for your engagement. During or prior to your first meeting, we will provide you with our current wrap fee program 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, we must first enter into a 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:

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

² Our firm is not, nor required to be, a FINRA or SIPC member. Information about the Financial Industry Regulatory Authority (FINRA) may be found at: www.finra.org. You may learn more about the Securities Investor Protection Corporation (SIPC) and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

- 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.

Developing Your Investment Plan

We may write and/or revise an Investment Policy Statements (IPS) or similar format for our clients. An IPS is a document, generally between a client and an investment advisor, recording the agreements the two parties come to with regards to issues relating to how the investor's money 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 all 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.

You should note that when our services focus only on certain areas of your interest or need, your overall financial situation or needs may not be fully addressed due to the limitations you have established. In all instances involving your engagement, you will retain discretion over implementation decisions and are free to accept or decline any recommendation. It remains your responsibility to promptly notify our firm if there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating, or revising previous recommendations and/or services.

The investment strategies and types of investments that may be recommended for your account are found in the respective investment managers' brochures that we will provide to assist you in making your decision. A general overview is provided in Item 6 of this disclosure.

Discretionary Account Management

The selected portfolio manager assumes discretionary authority over an account. Via limited power of attorney, discretionary authority allows the investment manager to implement 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 both our engagement agreement and the selected custodian's account opening documents, and applies only to the placement of trade orders and the request for the deduction of advisory our fee.

Should an investor prefer their account be managed under a nondiscretionary agreement, requiring prior approval of all investment purchases and sales, the firm would not be able to serve the account under the wrap fee investment program and other firm offerings should be considered. Please see our separate Form ADV Part 2A firm brochure that describes our unbundled services which includes nondiscretionary account management.

Wrap Fees Assessed

Asset-Based Fee

Our firm's annualized asset-based fees for investment management services provided under this agreement are based on the market value of assets under management and are calculated at up to one-percent (1%) of all assets under management. These fees are billed on a prorated basis, and are paid quarterly in arrears, based on the value of the client's account on the last day of the previous quarter.

We may utilize separate account managers who may be responsible for managing a portion or your entire portfolio, and will provide ongoing portfolio management services on a fee-only basis for a percentage of assets. Before selecting these other advisors, we will ensure they are properly licensed or registered within your jurisdiction. We pay compensation to separate account managers for their services rendered to our clients. 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 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).

Discounting Fees

For the benefit of discounting your asset-based fee, and when applicable, we may aggregate 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. Should investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we reserve the right to apply our fee schedule separately to each account. Program fees are negotiable and only at the discretion of the Chief Compliance Officer of Sage Stone Wealth Management LLC.

Fee Payment

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 the 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.

Termination

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.

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 of prepaid asset-based fees to an investment account will be coordinated 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.

Services Purchased Separately

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Such services may include portfolio management and/or advice concerning selection of other advisors, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This may potentially result in a higher advisory fee to you. We do not charge our wrap fee program clients higher advisory fees based on their trading activity but you should be aware that it may create an incentive to limit trading activities in your account(s) because our firm is charged for executed trades.

By participating in a wrap fee program, you may end up paying more or less than you would through an unbundled advisory fee program where a lower advisory fee may be charged, but trade execution costs are passed directly through to you by the executing broker. The factors that bear upon the relative costs of any wrap fee program include the number of and timing of transactions, referral fees (if any), portfolio management and custody fees; regulatory, compliance and administrative charges; research costs, promotional materials, among others. These and other factors may affect the cost of obtaining these services separately from another provider.

Additional Client Fees

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange-traded fund (ETF) which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, account transfer fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are typically not included within the wrap program fee you are charged by our firm.

Compensation Matters

As with all advisory services, both the firm and appropriately registered associates will receive a portion of the fee for recommending and servicing the account, whether through advisory fees or salary. Therefore, the person recommending the wrap fee investment program to you may receive direct or indirect compensation as a result of your participation in the program. Depending on the portfolio manager selected, the amount of compensation the firm (not the associate) receives may potentially be more than what would be received if you participated in other programs offered by the firm or paid separately for investment advice, brokerage, and/or other financial services the organization may offer. Please note that we do not charge wrap fee clients higher advisory fees than non-wrap fee clients, however, you should compare costs between this program and others offered through the firm.

General Information

Custody

Your funds and securities will be maintained by Fidelity. They are not physically held by our firm or any of our associates. Further, our internal control policies require that 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.

Firm Services

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.

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 - Account Requirements and Types of Clients

Account Requirements

Minimum Account Requirements

The wrap fee investment program is generally only available for those accounts of at least \$5,000,000, and may be negotiable in certain instances. Additionally, certain investment managers that may be engaged for a client portfolio may require a higher minimum asset size, which will be disclosed prior to any selection of the manager or their strategy.

Account Opening

Participation in the program is initiated by submitting the following completed documents to the firm: our investment management agreement, custodian account application, and, when applicable, an investment questionnaire. Based on these completed documents, your investment advisor representative will make the initial determination as to suitability for the wrap fee investment program. The firm then makes an assessment of whether to establish an account for a particular client to include ensuring the appropriate documentation, risk tolerance and asset allocation are made.

As noted in Item 4, the custodian for the account will be Fidelity and they shall execute and clear purchase and sale orders as directed. Fidelity will maintain wrap fee investment program account assets and will provide other custodial functions, including crediting of interest and dividends on accounts, crediting of principal on called or matured securities, and other customary functions. Fidelity will also forward a confirmation of each purchase and sale directly to both the client and our firm. Additionally, Fidelity will forward account statement to clients for each period in which account activity occurs, and at least quarterly regardless of account activity. Fidelity will also serve as general administrator of program accounts, which includes charging and collecting advisory fees and processing, deposits to and withdrawals from program accounts, etc.

Types of Clients Served by the Firm

Our firm, in general, provides advisory services to individuals, trusts, estates, charitable organizations and foundations; businesses of various type and scale, as well as their pension and profit sharing plans.

Types of Clients Served within the Wrap Fee Program

We offer our wrap fee investment program to the same type of investors that our firm serves: high net worth individuals, trusts, estates, charitable organizations and foundations, as well as businesses of various scale and their pension and profit sharing plans. We do, however, require a \$5,000,000 minimum account size. 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 6 - Portfolio Manager Selection and Evaluation

Selection and Review of Portfolio Managers

We will ensure due diligence is completed on each recommended investment manager to include determining whether the investment manager is registered/notice-filed (or required to be) within the jurisdiction the client is domiciled. At least annually thereafter our due diligence review will be performed from both a compliance and performance perspective to determine that the selected investment manager remains an appropriate fit. We will review each investment manager's performance over an extended period of time and on a continuing basis, as well as at least quarterly to discuss any potential concerns or recommended changes to the program's investment managers. The firm will also be responsible for determining if an investment manager should be replaced due to poor performance, regulatory or compliance matters, etc. We do not engage third-party reviews for this effort.

The benchmarks for account performance are based on each client's responses to firm suitability information and their IPS. Using these responses, the firm is able to select an investment manager felt capable to employ an appropriate investment strategy as well as develop a diversified portfolio using this strategy. Sage Stone Wealth Management LLC maintains current client profiles and will recommend adjustments to portfolios accordingly.

We may rely upon the performance figures based on client's monthly or quarterly statements, or reports provided to us by portfolio managers, and generated through our own investment performance measuring software and/or research. Our firm utilizes Morningstar Analysis to verify investment results reported to us, which are in turn presented to prospective and existing clients. 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 will receive account statements at least on a quarterly basis from their account custodian. The client may also receive reports that may be prepared by Sage Stone Wealth Management LLC as well as any other selected investment manager. The firm does not validate the reports provided by portfolio managers to clients and cannot attest as to whether they are calculated on a uniform and consistent basis.

Related Persons Serving as Portfolio Manager

As previously noted, a portfolio manager employed by our firm may be engaged as one of the separate account managers. This may create a potential conflict of interest since the firm may have 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.

Performance-Based Fees and Side-By-Side Management

Our firm's 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." Side-by-side management 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, is also not applicable to our firm's practices.

Methods of Analysis, Investment Strategies and Risk of Loss

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 Strategy

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-insured³ 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.

Risk of Loss

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.

³ 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. Securities recommended through our advisory firm are not FDIC-insured.

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. 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

Voting Client Securities

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should 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.

Excluding our own portfolio managers, a separate account manager selected or recommended by our firm may vote proxies for clients. You may obtain copies of their written proxy voting policies and procedures as well as information on how proxies were voted for an account by requesting such information directly from that entity. They will typically not disclose proxy votes to other clients or third parties unless specifically requested, in writing, by you or your legal representative. External portfolio managers may take action with regard to matters involving corporate actions. You should review their level authority involving a claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held in your wrap fee account.

Item 7 - Client Information Provided to Portfolio Managers

We gather information from you about your financial situation, investment objectives, and any reasonable restrictions you may want to impose on the management of the account. We will then provide this data to the investment manager providing support to some or your entire portfolio, and they will invest on behalf of your account in accordance with the strategies set forth in their own disclosure documents, which will be provided to you by our firm prior to your portfolio employing their strategies. Please see Item 9 for information with regard to reviews and how we will update portfolio managers.

Item 8 - Client Contact with Portfolio Managers

In certain instances, you may be able to attend general communications sessions offered by a portfolio manager as well communicate with the various investment managers serving your account. When desiring to communicate with an investment manager, we would ask that you allow our firm to serve as coordinator so that we may effectively assist both parties and follow up as necessary.

Item 9 - Additional Information

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.

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 completely separate from fees charged by our firm.

Third-party investment managers utilized within the firm’s wrap fee investment program are required to be registered as investment advisors, and both they and our firm inevitably are paid a portion of a wrap program advisory fee assessed (see Item 4).

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 brochure supplement for further details.

Review of Accounts

Periodic Reviews

We recommend your accounts be reviewed on a quarterly basis with your assigned investment advisor representative. Data and reviews may be analyzed by firm investment consultants, portfolio managers, and supervisory personnel. 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.

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, as well as general analyses by supervisory personnel.

Client Reports and Frequency

You will receive account statements sent directly from your custodian where your investments are held. Sage Stone Wealth Management LLC will not create a separate statement for your account nor will we be the sole recipient of your account statements. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

Your account custodian may provide quarterly reports or position performance summary reports, annual realized gains/loss reports for taxable accounts, or additional reports depending on your specific requirements. You may also receive portfolio performance reports sent directly from your investment manager.

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, or any other source, that includes performance information.

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 and Other Compensation

Economic Benefit from External Sources and Potential Conflicts of Interest

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, 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 do 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.

As part of our fiduciary duty, Sage Stone Wealth Management LLC will endeavor at all times to put the interests of our clients first. 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.

Advisory Firm Payments for Client Referrals

We do not receive referrals from our custodian; nor are client referrals a factor in our selection of our custodian. We do not engage in solicitation activities involving unregistered persons. 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.

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.