

# SHP Wealth Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of SHP Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (508) 746-2400 or by email at: [ask@shpfinancial.com](mailto:ask@shpfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about SHP Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SHP Wealth Management, LLC's CRD number is: 174697.*

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

Version Date: 08/03/2020

## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of SHP Wealth Management, LLC on 02/19/2020 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- Item 10        Selection of other advisors has been updated.
- Item 14        Compensation to non-advisory personnel has been updated.
- Item 5E        This item was updated to disclose the receipt of commissions by supervised persons of the firm and to disclose that commissions are a significant source of revenue to the firm.
- Item 9B        This item was updated to disclose additional information about the order entered against SHP Financial, LLC by the state of Massachusetts.
- Item 10C       This item was updated to clarify the conflict of interest that exists because supervised persons are also insurance agents and receive commissions on the sale of insurance to clients.
- Item 10D       This item was updated to describe a conflict of interest that results from the receipt of compensation and economic benefits by the firm from a third party.
- Item 14A       This item was updated to reference the conflict of interest newly described in Item 10D.
- Item 14B       This item was updated to disclose a referral arrangement with attorney Keith McManus and the firm's payment of expenses of Mr. McManus.
- Item 10C       This item was updated to describe SHP's agreement with Goldman Sachs to recommend securities backed lines of credit (SBLOC).

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

SHP Wealth Management, LLC (hereinafter "SWML") is a Limited Liability Company organized in the State of Massachusetts.

The firm was formed in December 2014, and the principal owners are Matthew C. Peck, CFP®, CIMA®, Derek Louis Gregoire and Keith W Ellis Jr.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

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

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

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

SWML seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of SWML's economic, investment or other financial interests. To meet its fiduciary obligations, SWML attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, SWML's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is SWML's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Selection of Other Advisers***

SWML may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, SWML will always ensure those other advisers are properly licensed or registered as an investment adviser. SWML conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. SWML then makes investments with a third-party investment adviser by referring the client to the third-party adviser. SWML may also allocate among one or more private equity funds or private equity fund advisers. SWML will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; health insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Educational seminars and workshops.***

SWML provides periodic educational seminars and workshops to clients.

### ***Services Limited to Specific Types of Investments***

SWML generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. SWML may use other securities as well to help diversify a portfolio when applicable.

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

SWML will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by SWML on behalf of the client. SWML may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SWML from properly servicing the client account, or if the restrictions would require SWML to deviate from its standard suite of services, SWML reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Predominately, SWML does not participate in any wrap fee programs. If a client were to utilize the AE Wealth Management, LLC co-advisory program, this option does carry a wrap fee.

## **E. Assets Under Management**

SWML has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 442,671,113	\$ 11,866,262	December 2019

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

### ***Asset-Based Fees for Portfolio Management***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$500,000	1.25%
\$500,001 - \$1,500,000	1.00%
\$1,500,001 - \$3,000,000	0.85%
\$3,000,001 - \$5,000,000	0.70%
\$5,000,001 - \$7,500,000	0.60%
\$7,500,001 - \$10,000,000	0.50%
\$10,000,001 - And above	0.40%

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of SWML's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

SWML bills based on the balance on the last day of the previous billing period. SWML will directly process the billing, unless the client utilizes a third-party sub advisor such as AE Wealth Management, LLC or Asset Mark, LLC.

### ***Selection of Other Advisers Fees***

SWML will receive its standard fee on top of the fee paid to the third-party adviser ("TPA"). This relationship will be memorialized in each contract between SWML and each third-party adviser. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected. For those clients seeking active management, SWML has entered into a sub-advisory agreement with Asset Mark, LLC ("AM") and a co-advisory agreement with AE Wealth Management, LLC ("AEWM") to provide third party investment advisory services. These arrangements allow us to access model portfolios, model managers, strategists, third party money managers, and trading services through their managed account program. As part of the TPA's program, the client will give the TPA discretion to select third party, non-affiliated investment managers ("Model Managers") to design and manage model portfolios for their assets. If services are offered through AEWM, we will provide copies of AEWM's disclosure brochure which contains detailed description of AEWM's services.

The optional services provided through AEWM's managed account program are offered both on a non-wrap fee basis and through AEWM's wrap fee program. If you choose to receive services on a non-wrap fee basis, you may pay separate commissions, ticket charges, and custodian fees for the execution of transactions in your account. These charges (if applicable) will be in addition to any investment management fee that you may pay to AEWM and to our firm. If you choose to receive services through the wrap fee program, you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge, or custodian fee, for the execution of transactions in your account. AEWM and our firm will receive a portion of the fee as compensation for services. When services are provided through AEWM, our firm is allowed to set the investment management fee up to a maximum of 2.0% of assets under management on an annual basis. The annual fee will be specified in your co-advisory agreement with AEWM and our firm. A more detailed description of fees related to AEWM's managed account program is located in AEWM's disclosure brochure which will be provided to you if we offer you services through AEWM.

These fees are negotiable.

### ***Financial Planning Fees***

Clients may terminate the agreement without penalty for a full refund of SWML's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.



### ***Hourly Fees***

The negotiated hourly fee for these services is between \$100 and \$500. Fees are charged in arrears upon completion.

### ***Educational Seminar/Workshop Fees***

SWML does not charge a fee for the educational seminars and workshops. They are complimentary.

## **B. Payment of Fees**

### ***Payment of Asset-Based Portfolio Management Fees***

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client; clients may select the method in which they are billed. Fees are paid quarterly in advance.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Asset Mark as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance based on the value of the last business day of the previous month. AE Wealth Management's fees are withdrawn from client's accounts monthly in arrears based on the monthly average balance.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check or credit card.

Hourly financial planning fees are paid in arrears upon completion.

### ***Payment of Educational Seminar/Workshop Fees***

SWML does not charge a fee for the educational seminars and workshops. They are complimentary.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) although under certain circumstances, SHPWM may pay certain fees charged to the client. Those fees are separate and distinct from the fees and expenses charged by SWML. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### **D. Prepayment of Fees**

SWML primarily collects fees on a quarterly basis and the fees are paid in advance; however, if a client utilizes a third-party sub-advisor, such as AE Wealth, the client's fees may be collected on a monthly basis and paid in arrears. Refunds for fees paid in advance will be returned on a quarterly basis to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.) Initial account fees for the first billing period may be prorated based on the number of days under management. All accounts' assets under management initially prorated will be based on the ending market value of the account on the day the account is billed. SWML reserves the right to not charge the client management fees until initial transactions take place in the account. For any client that utilizes a third-party sub-advisor such as AE Wealth, the fee will be based on the monthly average dollar value for the billing period. If not in a full billing period, the fee will be based on the average dollar value of the number of days billed.

#### **E. Outside Compensation For the Sale of Investment Products to Clients**

Supervised persons of SWML receive commissions for the sale of insurance products to clients of SWML. Commissions from insurance products are a significant source of compensation and are paid in addition to advisory fees. When determining the asset based advisory fees, the assets that are allocated into the insurance products are included in the calculation but are not subject to the advisory fee. Receipt of commissions presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of products for which the supervised receives compensation, SWML will document the conflict of interest in the client file and inform the client of the conflict of interest.

Our clients always have the option to purchase recommended products through other brokers or agents that are not affiliated with SWML. Please see additional disclosures about this conflict in Item 10C of this brochure.

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

SWML does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

SWML generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing plans
- ❖ Charitable Organizations
- ❖ Corporations

### *Minimum Account Size*

There is no account minimum for any of SWML's services. TPA have minimums which range from \$10,000 to \$50,000.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SWML's methods of analysis include fundamental analysis, cyclical analysis and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

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

#### *Investment Strategies*

SWML uses long term trading.

**Investing in securities** involves a risk of loss that you, as a client, should be prepared to bear.

## **B. Material Risks Involved**

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

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of Other Advisers:** Although SWML will seek to select only money managers who will invest clients' assets with the highest level of integrity, SWML's selection process cannot ensure that money managers will perform as desired and SWML will have no control over the day-to-day operations of any of its selected money managers. SWML would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or

changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private equity funds** carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

On October 28, 2015, the Massachusetts Division of Securities entered an order in the matter of SHP Wealth Management, LLC, Matthew C. Peck, CFP®, CIMA®, Derek L. Gregoire, and Keith W. Ellis, Jr. The Division found that Mr. Peck, Mr. Gregoire, and Mr. Ellis engaged in the sale of securities that were neither registered nor exempt from registration and did not conduct sufficient due diligence into the securities. The Order conditioned the registration of the firm on the firm engaging an independent compliance consultant to conduct annual compliance reviews of the firm for five years. In addition, for a period of five years, the firm is prohibited from having custody of client assets or securities other than for deduction of advisory fees in compliance with MA regulations.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SWML nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SWML nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Matthew Chapman Peck, CFP®, CIMA®, Derek Louis Gregoire, and Keith Winslow Ellis Jr. are independent licensed insurance agents, and Owners/Partners of an insurance agency, SHP Financial, LLC.

In addition, other supervised persons of SWML are independent licensed insurance agents of SHP Financial, LLC. They will offer clients advice or products from those activities. These activities create a conflict of interest as supervised persons have an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of SWML are not made in their capacity as fiduciaries, and products are limited to only those offered by certain insurance providers.

SWML addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client, including when acting as an insurance agent. SWML periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. SWML will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will an advisory client be required to use the outside services of any supervised person as a condition of receiving advisory services of SWML.



No client is under any obligation to purchase any insurance product. Insurance products recommended by SWML supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended by SWML or its supervised persons through other, un-affiliated insurance agencies.

Matthew Chapman Peck, CFP®, CIMA®, Derek Louis Gregoire and Keith Winslow Ellis, Jr. are owners or managing members of various entities disclosed in their outside business activities in their individual ADV 2B brochures. Clients of SWML are not offered the services of these business entities.

SWML recommends securities backed lines of credit ("SBLOC") through an agreement with Goldman Sachs Private Bank. Although SWML does not receive any financial compensation from offering these loans, a recommendation to engage in a SBLOC presents a conflict of interest as the securities that serve as collateral for these loans are part of SWML's assets under management and subject to fees. By recommending the SBLOC as compared to a liquidation, the securities used collateral would continue to be billed which may encourage SWML to offer the loan and maintain the assets under management for billing and revenue purposes. In order to mitigate the conflict of interest and to ensure the client is learned enough to participate in the loan, SWML has their own internal form which must be signed by the client, highly recommends not exceeding an amount of 50% of loan to value which is lower than the 65% limit provided by Goldman Sachs, and must confirm that the client is an accredited investor as defined by Rule 501 of Regulation D by the U. S. Securities and Exchange Commission. This internal form is in addition to the normal due diligence of gathering a comprehensive knowledge of the client's financial situation and thorough documentation of the decision-making process. There are various risks for the client that are associated with an SBLOC which are, but not limited to, a significant increase in interest rates which would increase the cost of borrowing, an adverse market movement which would require a collateral call and either a deposit of additional monies or a subsequent liquidation of securities at depressed valuations which may be compounded by adverse tax consequences.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SWML may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay SWML its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between SWML and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. SWML will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. SWML will ensure that all recommended advisers are licensed, or notice filed in the states in which SWML is recommending them to clients.

The owners of SWML also individually have minor ownership interests in Equis Capital Managements, a registered investment adviser firm, which SHP may use as a sub-adviser



to manage a portion of client assets. SHP will always act in the best interest of the client in determining whether to use Equis as a sub-adviser.

SWML receives compensation from Advisors Excel, LLC ("AE"), an affiliate of AEWM which is a third-party investment adviser recommended by SWML. This compensation may be in the form of commissions, bonuses, sales awards, incentive trips, attendance to seminars, conferences, and entertainment events, marketing reimbursements, speaking fees, consulting fees, and other economic benefits. Some of these benefits, in part, are contingent upon the cumulative amount of business referred to AE and AEWM, such as total assets under management on AEWM's platform and total annuity and life insurance production through AE. The achievement of particular sales volumes may qualify SWML and/or its supervised persons for additional cash and non-cash compensation. In addition, AE also provides SWML with significant marketing assistance, technology, and business development tools to acquire new clients, as well as with certain back office and operational support.

The additional benefits that SWML and its supervised persons receive from AE presents a conflict of interest when SWML uses AEWM's co-advisory services, as the SWML and its supervised persons may be influenced to recommend AEWM to its clients in order to maintain the AE relationship, to qualify for certain awards, and to continue to receive these benefits and compensation.

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

### **A. Code of Ethics**

SWML has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. SWML's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

SWML does not recommend that clients buy or sell any security in which a related person to SWML or SWML has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SWML may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SWML to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SWML will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SWML may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SWML to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SWML will never engage in trading that operates to the client's disadvantage if representatives of SWML buy or sell Securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on SWML's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SWML may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SWML's research efforts. SWML will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SWML recommends Fidelity Brokerage Services LLC.

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

While SWML has no formal soft dollar program in which soft dollars are used to pay for third party services, SWML may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SWML may enter into soft-dollar arrangements consistent with (and

not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and SWML does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SWML benefits by not having to produce or pay for the research, products or services, and SWML will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SWML's acceptance of soft dollar benefits may result in higher commissions charged to the client.

## ***2. Brokerage for Client Referrals***

SWML receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

SWML may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to SWML to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

SWML maintains the ability to block trade purchases and sales across accounts. When more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades. Declining to block trade can cause more expensive trades for clients.

## **C. Trade Errors**

SWML has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is the policy of SWML to correct trade errors in a manner that is fair to the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client will not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by SWML if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be

responsible for covering all trade error costs. The trade will be moved to an error account and will be dealt with at the discretion of the broker dealer.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for SWML's advisory services provided on an ongoing basis are reviewed at least quarterly by Matthew C Peck, CFP®, CIMA®, President and CCO or the assigned IAR with regard to clients' respective investment policies and risk tolerance levels.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Matthew C Peck, CFP®, CIMA®, President and CCO or the assigned IAR. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, a change of health, or inheritance).

With respect to financial plans, SWML's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of SWML's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Please see Item 10D for a description of compensation and benefits that SWML and/or its supervised persons receive from Advisors Excel, LLC.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

SWML has a reciprocal referral arrangement with attorney Keith McManus of McManus Estate Planning. SWML routinely refers clients to and receives referrals from Mr. McManus. Related to this arrangement, SWML pays the costs of certain marketing events of Mr. McManus. In addition, supervised persons of SWML who are insurance agents share insurance commissions with Keith McManus on mutual clients.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SWML will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

SWML provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, SWML generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, SWML's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to SWML).

Third-party investment advisers such as AM and AEWM will assume such discretionary investment authority as well.

### **Item 17: Voting Client Securities (Proxy Voting)**

SWML will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SWML neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SWML nor its management has any financial condition that is likely to reasonably impair SWML's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SWML has not been the subject of a bankruptcy petition in the last ten years.