



**PART 2A OF FORM ADV: FIRM BROCHURE**

**MARCH 17, 2020**

This brochure provides information about the qualifications and business practices of Sound Stewardship, LLC. If you have any questions about the contents of this brochure, please contact us at 913-317-6000 or [matt@soundstewardship.com](mailto:matt@soundstewardship.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 Sound Stewardship also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 2 MATERIAL CHANGES**

Since filing our last annual amendment to this brochure on February 20, 2019, we've added wealth management services on a discretionary basis.

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## ITEM 4 ADVISORY BUSINESS

Sound Stewardship, LLC is an investment adviser registered with the United States Securities and Exchange Commission (SEC) whose principal place of business is in Kansas. Sound Stewardship began conducting business in 2004.

The firm is owned by Matthew Johnne Syverson and Jonathan David Harrison.

Sound Stewardship provides comprehensive consultations addressing your specific financial issues. Your adviser provides you with a detailed financial analysis and recommendations to guide you toward the achievement of your objectives. We offer 3 different service models: Annual Planning Relationship, Hourly-As-Needed and Public Speaking.

### ANNUAL PLANNING RELATIONSHIP (APR)

Clients receive a written financial plan and ongoing support, executive summary follow-ups after each session, quarterly meetings with net worth updates, an annual review meeting, along with periodic updates on the economy and/or federal and state tax laws. In general, the financial plan can address any or all of the following areas:

1. Net Worth Inventory
2. Cash Flow and Emergency Reserves
3. Major Purchases and /or Liquidations
4. Tax Planning
5. Retirement Analysis
6. Investment Analysis
7. Education Planning
8. Insurance Planning
9. Estate Planning and Survivor Support
10. Charitable Gift Planning
11. Special Needs Planning
12. Credit Review and Identity Theft Considerations
13. Disaster Preparedness Considerations
14. Business Planning

### **Our Life Planning Services include in-depth facilitation surrounding the following:**

- Your Life Purpose Statement
- Your Stewardship Philosophy

### **Our Investment Management Service includes the following:**

Sound Stewardship provides wealth management services to Annual Planning Relationship clients on a **discretionary basis, with non-discretionary management only by request**. The management service includes, among other things, providing advice regarding asset allocation and the selection of investments. Account management is guided by the stated objectives of the client (i.e., capital appreciation, income, growth and income or capital preservation).

For accounts managed on a **discretionary basis**, clients sign an agreement with our firm, giving us authorization to place trades, according to their Investment Policy Statement, without contacting the client prior to each trade. Clients may, at any time, impose reasonable restrictions on Sound Stewardship's discretionary authority in writing (i.e., restrict the sale/purchase of a specific security).

For accounts managed on a **non-discretionary basis**, we won't process transactions without seeking and receiving the client's authorization first.

## ITEM 4 ADVISORY BUSINESS (CONTINUED)

We build customized portfolios **without commissions or third party incentives** through our strategic partnerships with Fidelity Institutional Wealth Services, TD Ameritrade Institutional and Schwab Institutional Services. However, the client may use the custodian(s) of their choice, but may have limited service capabilities and potentially higher custodial fees.

### What We Do For You:

- **Create** a Suitable Mixture of Investments
- **Implement** the Portfolio According to Your Goals
- **Manage** the Portfolio Throughout Your Lifetime
- **Report** on Your Comprehensive Performance at TD Ameritrade, Schwab and Fidelity Institutional

### What Makes Sound Stewardship Unique?

- **Minimize** underlying investment expenses using tax-efficient **Exchange Traded Funds**
- Each account is **professionally managed in-house**
- **Overlay** the portfolio allocation across multiple accounts
- Offer **Biblically Responsible** and **Socially Responsible** portfolios
- Identify and track your **cost basis** and **contribution basis**

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We provide general non-securities advice on topics that may include tax planning, cash flow planning, estate planning and business planning.

Within the scope of our business, we have the possibility of providing recommendations and implementation in the following investment areas:

- |   |   |
|---|---|
| • Exchange-listed securities            | • Options contracts on securities                               |
| • Exchange Traded Funds                 | • Interests in partnerships investing in leasing or real estate |
| • Securities traded over-the-counter    | • Interests in partnerships investing in oil and gas interests  |
| • Foreign issuers                       | • REITs (real estate investment trusts)                         |
| • Certificates of deposit               | • Direct ownership and private placements                       |
| • Municipal securities                  | • 529 plans   |
| • Variable life insurance               | • Tax credit programs involving low income housing              |
| • Variable annuities                    | • Employer based stock option programs (ISOs and NQSOs).        |
| • Mutual fund shares                    |   |
| • United States governmental securities |   |

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

#### **ITEM 4    ADVISORY BUSINESS (CONTINUED)**

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

##### **Evaluation and Monitoring of Third-Party Money Managers**

We also offer advisory services to our clients through our evaluation and monitoring of Third-Party Money Managers.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into a written financial plan.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once the client has selected the appropriate manager(s), we provide that manager with the client's written financial plan. We then monitor the performance of the selected manager(s). If we determine that a particular selected manager is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's objectives, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

##### **PUBLIC SPEAKING**

Sound Stewardship provides educational seminars and public speaking engagements on an hourly basis to address the financial topics of choice for the presenting sponsor.

##### **HOURLY-AS-NEEDED SERVICE**

Sound Stewardship provides limited financial consultation and/or implementation services to Client(s) on an hourly basis to address a variety of financial topics. Specific recommendations are provided after each meeting via email. The Client(s) are responsible for initiating meetings with the firm as they need assistance.

Recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

##### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2019, we were actively managing approximately \$157,880,488 of clients' assets on a non-discretionary basis. We did not have any assets under management that were managed on a discretionary basis.

## ITEM 5 FEES AND COMPENSATION

Sound Stewardship is a fee-only Financial Planning and Wealth Management firm and is solely compensated by fees paid directly by the client. We do not receive any commissions or third-party incentives from recommendations made to clients. The specific manner in which fees are charged by Sound Stewardship is established in each client's written agreement. Existing clients may be grandfathered to previous service arrangements and fee schedules.

Clients may elect to pay Sound Stewardship fees directly (i.e. check, credit card, etc.) and/or have them debited from their custodial accounts at Fidelity, TD Ameritrade and/or Schwab.

### ANNUAL PLANNING RELATIONSHIP (APR)

Sound Stewardship charges a Simplified Fee for Financial Planning services. The Simplified Fee is determined based on the net wealth of each client. **Net wealth** is calculated as all assets owned by the client, minus liabilities owed by the client, plus assets that have been transferred into an irrevocable trust or similar arrangement. All fees are agreed upon prior to entering into a contract with any client. *Subsequent year renewal fees are subject to change on an annual basis.*

Multiple households can be billed on a combined net worth, if the appropriate legal arrangements are in place for one party to serve on behalf of another for sharing financial information and management responsibilities. (eg. adult children serving as powers of attorney for their elderly parents.) When possible, each party will still execute their own Annual Planning Relationship agreement with the Firm.

#### First Year Annual Planning Relationship Simplified Fee

Net wealth (n.w.) of up to \$1,000,000	=	\$8,000 (minimum fee)
Net wealth of \$1,000,001 to \$3,000,000	=	\$8,500 + 0.58% of n.w. between \$1,000,001 to \$3,000,000
Net wealth of \$3,000,001 to \$5,000,000	=	\$20,100 + 0.31% of n.w. between \$3,000,001 to \$5,000,000
Net wealth of \$5,000,001 to \$10,000,000	=	\$26,300 + 0.26% of n.w. between \$5,000,001 to \$10,000,000
Net wealth of \$10,000,001 and beyond	=	\$39,300 + 0.21% of n.w. above \$10,000,001

#### Subsequent Year Annual Planning Relationship Renewal Simplified Fee

Net wealth of up to \$700,000	=	\$5,000 (minimum fee)
Net wealth of up to \$800,000 - \$999,999	=	\$6,000
Net wealth of \$1,000,000 to \$3,000,000	=	\$7,500 + 0.51% of n.w. between \$1,000,001 to \$3,000,000
Net wealth of \$3,000,001 to \$5,000,000	=	\$17,700 + 0.28% of n.w. between \$3,000,001 to \$5,000,000
Net wealth of \$5,000,001 to \$10,000,000	=	\$23,300 + 0.26% of n.w. between \$5,000,001 to \$10,000,000
Net wealth of \$10,000,001 and beyond	=	\$36,300 + 0.21% of n.w. above \$10,000,001

*\*Business Owners with a controlling interest in their business and a net worth below \$1,000,000 will be subject to a higher minimum fee of \$8,500 in the first year and \$7,500 in subsequent years.*

#### First Year Simplified Fee for APR Client(s)

In the first year of service, an APR Client(s) agrees to pay one-half of the estimated fee upon execution of the Agreement. Within 90 days of executing the Agreement, Client(s) agree to pay 50% of the remaining fee, based upon the estimated net wealth. A final payment for the remaining balance will be made within 180 days of executing the Agreement, based on your finalized net wealth.

#### Subsequent Year Simplified Fee for APR Client(s)

Upon renewing the APR for a subsequent year of service, the Client(s) agrees to pay the fee in 4 equal payments on a quarterly basis, according to their renewal month, based on their net wealth at that time.

## **ITEM 5 FEES AND COMPENSATION (CONTINUED)**

Please Note: On rare occasions, our services may be provided at a negotiated rate or pro-bono (eg. the family member of an employee). Also, on rare occasions, a different fee payment schedule is negotiated.

### **HOURLY-AS NEEDED SERVICE FEE**

Sound Stewardship occasionally offers Hourly-As-Needed services to clients upon request. The minimum initial fee of \$500 for 2-hours of planning is due upon executing the Agreement. Additional hourly fees will be incurred for exceeding the time of the package selected and will be due within 20 days of receiving an invoice from Sound Stewardship.

If client chooses to upgrade their Hourly-As-Needed service to an Annual Planning Relationship within 90 days of executing the Agreement, Sound Stewardship will apply their previously paid Hourly as Needed service fee toward the estimated fee of an Annual Planning Relationship arrangement with a start date of the most recent Hourly-As-Needed service agreement.

It is anticipated that the financial plan(s) produced under the terms of the Agreement will be delivered within six months or sooner of the date of the Agreement. Under no circumstances will Sound Stewardship earn fees in excess of \$500 more than six months in advance of services rendered.

- Hourly Rate = \$250/hour
- 2-Hour Initial Minimum = \$500 (due upon engagement)
- 6-Hour Maximum during any 12-month period with invoicing following delivery of advice
  - A complimentary data gathering session is included in the initial consultation, up to the 1<sup>st</sup> 90 minutes of discussion time
  - Specific investment recommendations will most likely revolve around the use of a "Fund of Funds" or "Balanced Funds". Workplace retirement plans with pre-selected fund options can have a customized allocation.
  - For clients with investable assets under \$250,000, we can help you process investment transactions in the live meetings with one of our Firm's representatives.

### **THIRD-PARTY MONEY MANAGER FEES**

Third Party Money Manager's fees are paid to the independent adviser selected by the client for Wealth Management Services. Sound Stewardship does not charge additional assets under management fee for any of these arrangements.

Clients are provided with a separate disclosure document describing the fee paid to such independent registered investment advisers. The total asset management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

### **PUBLIC SPEAKING FEES**

Adviser may conduct group educational workshops and other public speaking engagements on financial planning topics. Adviser may impose a fee for these or other educational workshops at a rate of \$2,500 per day plus expenses (8 hours) or \$750 plus expenses for up to 3 hours.

## ITEM 5 FEES AND COMPENSATION (CONTINUED)

### GENERAL INFORMATION

**Termination of the Advisory Relationship:** Either party may terminate the Agreement at any time with written notice to the other. If this Agreement is terminated all fees due at time of termination will be due and payable by you immediately. Adviser will refund any unearned, prepaid fees within thirty days of written request from the Client. Should the Client wish to terminate the Agreement within 5 business days after signing, no penalty will be assessed and all fees will be refunded promptly.

**Mutual Fund Fees:** All fees paid to Sound Stewardship for financial planning and investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Sound Stewardship's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Sound Stewardship is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Sound Stewardship may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Sound Stewardship's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## ITEM 5 FEES AND COMPENSATION (CONTINUED)

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sound Stewardship does not charge performance-based fees.

## ITEM 7 TYPES OF CLIENTS

Sound Stewardship provides advisory services to individuals and high-net-worth individuals who may also own trusts, charitable organizations and/or corporations or other businesses. We do not have minimum account requirements.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (CONTINUED)

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

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

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

### RISK OF LOSS

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk.

## ITEM 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have NO reportable disciplinary events to disclose.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (CONTINUED)**

No Sound Stewardship employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Sound Stewardship employee is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Sound Stewardship may provide referrals to other investment advisory firms as a service to clients. Adviser does not have agreements with or receive referral fees from any other firms. Sound Stewardship only receives compensation directly from clients. There are no conflicts of interest with any other outside party.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Sound Stewardship and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Sound Stewardship's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@soundstewardship.com](mailto:info@soundstewardship.com), or by calling us at 913-317-6000.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (CONTINUED)**

- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## **ITEM 12 BROKERAGE PRACTICES**

### **DIRECTED BROKERAGE**

As our firm does not have the discretionary authority to determine the broker-dealer to be used to implement securities transactions for your account, clients must direct our firm as to the broker-dealer to be used. Not having the discretionary authority to determine the broker-dealer to be used means that the investment management agreement you enter into with our firm does not give us the authority to choose your broker-dealer for you. Clients are free to use the broker-dealer of their choice. If you don't have an existing relationship with a broker-dealer, we may recommend several broker-dealers to you. After you have selected a broker-dealer, you will direct us in the investment management agreement to use that broker-dealer for all securities transactions in your managed account. In directing the use of a broker-dealer, it should be understood that we will not have authority to negotiate commissions or to necessarily obtain volume discounts and best execution may not be achieved. Directing brokerage may cost clients more money.

Clients should note, while we have a reasonable belief that the broker-dealers we recommend are able to obtain best execution and competitive prices, our firm will not be independently seeking most favorable execution through other broker-dealers, and this practice could cost clients more money. For example, in a directed brokerage account, you might pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices. Not all investment advisers require their clients to direct brokerage.

### **RECOMMENDATION OF BROKER-DEALERS**

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers, provided that such recommendation is consistent with our firm's fiduciary duty to the client. Clients are not under any obligation to effect trades through any recommended broker.

Sound Stewardship does not have any affiliation with Broker-Dealers. We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services.

## ITEM 12 BROKERAGE PRACTICES (CONTINUED)

We consider a wide range of factors, including, among others:

- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)

Sound Stewardship currently receives research and other soft dollar benefits from our institutional relationships with National Financial Services, LLC, and Fidelity Brokerage Services, LLC, TD Ameritrade Institutional and Charles Schwab & Co., Inc. Specific arrangements with each of these custodians is described below under "Custodians/Brokers We have Arrangements with".

Sound Stewardship does not receive referrals from broker-dealers.

Clients are not obligated to use the custodian/broker recommended by Sound Stewardship. They may choose a different Qualified Custodian(s) to custody. By allowing clients to choose a custodian/broker of their choice, we may be unable to obtain the most favorable execution of client transactions. In addition, the client may have limited service capabilities and potentially higher custodial and/or trading fees.

### **CUSTODIANS/BROKERS WE HAVE ARRANGEMENTS WITH:**

#### **National Financial Services, LLC & Fidelity Brokerage Services, LLC**

Sound Stewardship has an arrangement with National Financial Services, LLC, and Fidelity Brokerage Services, LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Sound Stewardship in conducting business and in serving the best interests of our clients but that may also benefit us.

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

As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Sound Stewardship (within specified parameters).

#### **TD Ameritrade Institutional**

Sound Stewardship also participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Sound Stewardship receives some benefits from TD Ameritrade through our participation in the program.

Sound Stewardship participates in TD Ameritrade's Institutional customer program and we offer this option for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

## ITEM 12 BROKERAGE PRACTICES (CONTINUED)

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Sound Stewardship by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Sound Stewardship's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Sound Stewardship but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise.

The benefits received by Sound Stewardship or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Sound Stewardship or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

### **Charles Schwab & Co., Inc.**

Another one of the custodians we recommend to our clients is Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC. Sound Stewardship is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs").

#### **Your Brokerage and Custody Costs from Schwab:**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer.

Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

#### **Products and Services Available to Us from Schwab:**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business.

## ITEM 12 BROKERAGE PRACTICES (CONTINUED)

Schwab'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 at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab.

Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

## ITEM 12 BROKERAGE PRACTICES (CONTINUED)

### AGGREGATING (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS

As a matter of policy and practice, Sound Stewardship does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

## ITEM 13 REVIEW OF ACCOUNTS

### ANNUAL PLANNING RELATIONSHIP

**REVIEWS:** The Annual Planning Relationship includes up to four quarterly review meetings each year. Reviews may include, but are not limited to: an investment review, an account beneficiary review, and a goal progress review. These accounts are reviewed by any or all of the following employees of the firm: Matthew Syverson, Senior Wealth Advisor, Jonathan Harrison, Wealth Advisor, Joel Reimer, Wealth Advisor, and Derek Hensley, Associate Wealth Advisor.

**REPORTS:** Annual Planning Relationship clients will receive a completed financial plan. Additional reports are provided during quarterly review meetings. These reports may include, but are not limited to, an updated net worth statement and investment performance reports.

### HOURLY-AS-NEEDED SERVICE

**REVIEWS:** Hourly-As-Needed service is driven by the Client and his/her needs. No formal reviews will be done unless contracted for and initiated by the Client.

When contracted for, these accounts are reviewed by any or all of the following employees of the firm: Matthew Syverson, Senior Wealth Advisor, Jonathan Harrison, Wealth Advisor, Joel Reimer, Wealth Advisor, and Derek Hensley, Associate Wealth Advisor.

**REPORTS:** Hourly-As-Needed service is driven by the Client and his/her needs. Reports vary depending on the Client's need/wishes and are provided when contracted for and initiated by the Client.

### EVALUATION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

**REVIEWS:** For clients who choose to utilize a third-party money manager, Sound Stewardship will review accounts on at least a semi-annual basis to ensure that the third-party money manager is achieving the client's stated objective as outlined in the written financial plan.

If Sound Stewardship and Client determine that a particular selected manager is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's objectives, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

These accounts are reviewed by any or all of the following employees of the firm: Matthew Syverson, Senior Wealth Advisor, Jonathan Harrison, Wealth Advisor, Joel Reimer, Wealth Advisor, and Derek Hensley, Associate Wealth Advisor.

**REPORTS:** Client may receive comprehensive performance reports from the third-party money manager, Sound Stewardship, or both on a quarterly basis. No additional reports will be provided unless contracted for.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

It is Sound Stewardship's policy not to engage solicitors or compensate any third-party for referring potential clients to our firm.

Adviser may partner with other financial planning firms, discount brokers, mutual fund companies and other financial institutions to sponsor educational workshops. Seminars do not involve the sale of any investment products and are purely educational. Cash benefits received from sponsorship partners is used to offset the expenses associated with bringing the financial education seminars to the public. Such expenses include ads in local newspapers, conference room rentals, seminar materials, etc. All sponsors share in expenses.

## ITEM 15 CUSTODY

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, Sound Stewardship is deemed to have custody of client assets in instances where Sound Stewardship, with client permission, maintains online login credentials for certain client accounts. Sound Stewardship engages a Public Company Accounting Oversight Board (PCAOB) registered CPA firm to perform an annual surprise audit of such clients' accounts.

In addition, Sound Stewardship is deemed to have constructive custody of client accounts due to its ability to deduct advisory fees from client custodial accounts. This level of custody does not require the firm to receive surprise audits annually. Debiting of fees is done pursuant to authorization provided by each client and approval of the custodian. Usually monthly, but no less than quarterly, clients receive account statements directly from the custodian of their account. Custodial statements include account holdings, market values and any activity that occurred during the period, including the deduction of investment advisory fees. Sound Stewardship urges clients to compare information contained in reports provided by Sound Stewardship with the account statements received directly from the account custodian. Differences in portfolio value may occur due to various factors, including but not limited to: (1) unsettled trades; (2) accrued income; (3) pricing of securities; and, (4) dividends earned but not received.

Moreover, Sound Stewardship is deemed to have constructive custody of client accounts due to its ability to process money transfers from client custodian accounts to designated third parties based on standing letters of authorization (SLOAs) signed by certain clients. This level of custody does not require the firm to receive surprise audits annually. In accordance with the guidance provided in the SEC's February 21, 2017 No-Action Letter to the Investment Adviser Association, Sound Stewardship follows the below guidelines with respect to such accounts:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes Sound Stewardship, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- Sound Stewardship has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- Sound Stewardship maintains records showing that the third party is not a related party of Sound Stewardship or located at the same address as Sound Stewardship.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instructions and an annual notice reconfirming the instruction.

## **ITEM 16 INVESTMENT DISCRETION**

For client accounts that we manage on a discretionary basis, the client will sign our agreement, giving us that authority. We explain our investment management process in detail at the start of the client relationship and throughout our time together. The client may impose reasonable restrictions on Sound Stewardship's discretionary authority in writing at any time (i.e., restrict the sale/purchase of a specific security).

## **ITEM 17 VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **ITEM 18 FINANCIAL INFORMATION**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that is required to provide a copy of our firm's balance sheet, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Sound Stewardship has no additional financial circumstances to report.

Sound Stewardship has NOT been the subject of a bankruptcy petition at any time during the past ten years.