

Sgroi Wealth Advisory Group LLC

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Firm Brochure (Parts 2A and 3 of Form ADV)

May 15, 2020

This brochure provides information about the qualifications and business practices of Sgroi Wealth Advisory Group LLC. If you have any questions about the contents of this brochure, please contact us at (716) 674-6700 or by email at www.sgroifinancial.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. References herein to Sgroi Wealth Advisory Group LLC as a registered investment advisor, or any reference to being registered, does not imply a certain level of skill or training.

Additional information about Sgroi Wealth Advisory Group LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Annual Update

As required by Securities and Exchange Commission (SEC) regulations, this Firm Disclosure Document for Sgroi Wealth Advisory Group LLC is subject to ongoing review by the Firm's management. This Material Changes section of the brochure is updated at least annually, or more frequently, if/when material changes have occurred since the previous release of the Disclosure Document. In the event there have been material changes, clients of Sgroi Wealth Advisory Group LLC will receive a copy of this Material Changes page which reflects those noteworthy changes.

Material Changes since the Last Update

The Sgroi Wealth Advisory Group LLC Disclosure Document and Brochure Supplement has been reviewed by Firm management in accordance with SEC requirements. As determined by that review, the following Material Changes have been affected by the Firm since its last amended submission on March 28, 2020:

Participants in the Thrive/Betterment for Advisors asset management platform will no longer be assessed a monthly subscription fee. In lieu of the ongoing subscription fee, new enrollees in this platform option will be charged a one-time account set-up fee of \$250.

Additionally, on March 27th 2020, in response to the Covid-19 pandemic, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act which provided for a Paycheck Protection Program (PPP) for qualifying small businesses. The primary intent of PPP was to provide a mechanism for heavily impacted small businesses to retain their workforce by securing payroll during the catastrophic economic downturn driven by the pandemic. Advisory firms meeting the qualification criteria may receive forgivable loans through the federal Small Business Administration to cover critical financial obligations such as payroll, rent, mortgage interest and/or utilities through June 30th, 2020. A firm's decision to apply should not be interpreted to indicate they are financially stressed, but may be seen simply as a preemptive move to shore up a firm's financial strength pending a post-pandemic economic rebound and prevent the loss of its employees.

The SEC has stipulated, however, that SEC-registered advisors receiving PPP loans are required to disclose information regarding their participation to the public in this Disclosure Document. Accordingly, Sgroi Wealth Advisory Group LLC is herein disclosing that it applied for, and received, a PPP loan in April 2020 for the purpose of retaining its employees and maintaining their compensation levels during the pandemic.

Our Firm's Chief Compliance Officer will continue ongoing reviews of its Disclosure Document and Brochure Supplement as required by SEC regulations. As stated above, in the event of significant changes in the future, Sgroi Wealth Advisory Group LLC will forward to its clients copies of this Material Changes section outlining those changes specifically, in keeping with regulatory requirements.

Full Brochure Available

The Sgroi Wealth Advisory Group LLC Firm Brochure, which is comprised of Form ADV Part 2A, Part 2B Brochure Supplement and Part 3 (Client Relationship Summary or Form CRS), is available at no charge anytime upon request. Our Forms 2A and 2B outlining the history and qualifications of our Firm and its advisors are offered as separate, free-standing documents, with Part 3 provided along with our Form 2A. New clients to our Firm are provided with a copy of these documents prior to or at the time of engaging the services of the Firm. In addition, we offer a copy to existing clients on an annual basis. Copies may also be requested at any time by contacting John Clouden, the Firm's Chief Compliance Officer, either by telephone at (716) 674-6700 or through our web site at www.sgroifinancial.com.

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Form ADV Part 3 Client Relationship Summary (Form CRS)

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Item 4 - Advisory Business

Firm Description

Sgroi Wealth Advisory Group LLC, hereinafter referred to as Sgroi Wealth Advisory or the Firm, is a Registered Investment Advisory firm, registered with the Securities and Exchange Commission (SEC), and manages portfolios in securities for individuals and trusts. The Firm's initial registration was submitted to the SEC in October of 2017. Sgroi Wealth Advisory is a privately held limited liability company whose principle owners are Patrick J. Sgroi and John G. Clouden, who hold ownership percentages of 65% and 35%, respectively. In conjunction with its registration with the SEC, the Firm is also notice filed to conduct advisory business in the States of New York, Florida, Georgia, Illinois, North Carolina, South Carolina, Tennessee and Texas, as required by those respective states' registration requirements. The Firm is headquartered in West Seneca, New York.

Sgroi Wealth Advisory provides personalized confidential financial planning, asset management and related consulting services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, charitable organizations and small businesses. Recommendations to clients are made based on consultation with the client and analysis of each client's specific financial needs and may include following services:

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|---------------------------------------|--------------------------------------|
| Determination of financial objectives | Identification of financial problems |
| Cash flow management | Tax planning |
| Insurance review | Investment management |
| Education funding | Retirement planning |
| Estate planning | |

Within the context of providing these services, clients may place restrictions on the types of securities to be held within their portfolios. Sgroi Wealth Advisory, at this time, does not offer its clients wrap fee programs. These programs charge a single fee for an investment program that bundles together a suite of services, such as brokerage, advisory, research and management.

Sgroi Wealth Advisory views its role as pursuing for its clients a superior return on investments consistent with clients' desires for responsible management of assets focused on the achievement of the individual goals of the clients. We seek to accomplish this by investing in securities with greater potential and an eye toward stability of principal.

Sgroi Wealth Advisory is a fee-only advisory firm and does not provide commission-based investment products to its clients within their advisory accounts. Clients utilizing the Firm's asset management services are charged an asset management fee based on the amount of a client's assets managed by Sgroi Wealth Advisory. At the discretion of the Firm, client assets not managed by Sgroi Wealth Advisory may be aggregated with a client's managed account balances to reduce their management fee percentage. While some Investment Advisor Representatives (IARs) of the Firm are licensed to offer insurance-related products to advisory clients of the Firm, they receive no

commission income which might otherwise be derived from those activities should a client elect to accept their recommended products. Likewise, Sgroi Wealth Advisory does not receive any portion of the commission income from such transactions either.

Investment advisory services are provided to clients on a discretionary basis only. Sgroi Wealth Advisory does not act as a custodian of client assets, opting instead to utilize as its primary custodian TD Ameritrade Institutional, hereinafter referred to as TD Ameritrade, a division of TD Ameritrade, Inc., an independent and unaffiliated SEC-registered broker/dealer and a member of FINRA/SIPC. The Firm also offers the additional platform option of Betterment for Advisors, which utilizes Betterment Securities LLC, also an SEC-registered broker/dealer, as the custodian of assets placed with that platform. Sgroi Wealth Advisory may, to better serve specific client needs, elect to use the services of other custodians as well, at its discretion.

Sgroi Wealth Advisory's governing policy is that client's interests are always placed first and foremost. It serves individual clients with moderate-sized portfolios up to sophisticated clients with extensive portfolios. Clients with portfolios in this range have, in the past, had limited options. They could manage their portfolios themselves, buy mutual funds, rely on large institutional managers or use bank trust departments. Often these options, generally, do not provide the level of attention and individualized professional management that most clients are seeking.

While clients Sgroi Wealth Advisory always maintain control of their assets, they authorize the Firm to transact trades on their behalf, without prior consultation, by the discretion authorization contained in their advisory agreement executed with the Firm.

A written evaluation of each client's initial situation may be provided to the client, at the discretion of their IAR. Account reviews with clients are conducted at least annually by the IAR and periodic interim reviews may also be conducted with clients to provide reminders of the specific courses of action that need to be taken.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client or by Sgroi Wealth Advisory on behalf of a client, on an as-needed basis and with client approval. Conflicts of interest which might arise based on positions or actions of Sgroi Wealth Advisory will be immediately disclosed to the client in the unlikely event they should occur.

An initial meeting with a prospective client, which may be by telephone or in person, is free of charge and is considered an exploratory discovery interview to determine if/or the extent to which the financial planning or investment management services offered by Sgroi Wealth Advisory may be beneficial and appropriate to the client. In the event, as a result, the Firm is engaged by the client to provide those services, an advisory agreement is executed between the parties which defines the nature and cost of the services contracted.

The Firm's asset management philosophy is based on a simple proven premise that greater and more consistent gains are likely by investing in a diverse portfolio of securities deemed suitable with each client's objectives, risk tolerances and time horizons. This philosophy stresses minimizing the risk of permanent loss of capital. So, by consistently losing less, greater returns can be made in the long-run. Equity and income investments are evaluated for quality and suitability on an ongoing basis. Each client's IAR places emphasis on having an intimate familiarity with the various holdings within their specific investment portfolio. In selecting the securities to be added to a client's portfolio, a due diligence review is conducted by the Firm's Investment Committee to ensure the viability of options available to the IARS. Research into prospective securities may be focused on quantitative elements and/or technical analyses of the securities being considered.

Sgroi Wealth Advisory can adjust its asset allocation models between stock, bonds, and money market funds, based on shifting market trends. Individual portfolios may be invested in a mix of securities such as stocks, exchange-traded funds (ETFs), corporate bonds, government bonds and money market funds. The actual mix among these securities alternatives is determined by their relative attractiveness at a specific time, coupled with domestic and international economic climates and market conditions.

Portfolios always remain in the client's name, with TD Ameritrade acting as Sgroi Wealth Advisory's primary account custodian. For clients electing to participate in the Firm's Betterment for Advisors platform, Betterment Securities serves as custodian for their respective accounts. While Sgroi Wealth Advisory is granted discretionary trading authority by its clients, it neither accepts authority to withdraw cash or securities from client accounts nor assumes custody of client assets in any other form beyond the withdrawal of advisory fees from client custodial accounts.

Clients receive quarterly statements from their account custodians along with periodic status reports that set forth the results for the previous quarter and for the year-to-date. These reports are augmented by personal meetings at least annually or more frequently if desired by the client or their IAR.

Principal Owners

As previously stated, the principal owners of Sgroi Wealth Advisory are Patrick Sgroi and John Clouden, with each holding a 65% and 35% ownership interest, respectively, in the Firm.

Types of Advisory Services

Sgroi Wealth Advisory provides investment supervisory services, also known as asset management services, as well as financial planning and consultative services to its clients. Asset management services may entail the active or passive management of investment accounts, furnishing of investment advice through consultations with clients, issuing periodic newsletters or special reports to its clients about securities and market conditions or trends and evaluating securities held by clients to foster an understanding of their assets relative to their stated goals and objectives.

Financial planning services are provided to clients to assist them in pursuing both short- and long-range financial goals. This is accomplished through a process of collecting client information about the client's current financial condition, clarification of their goals, identification of their past efforts and current abilities in pursuit of their goals and ongoing progress reviews relative to any actions taken.

On more than an occasional basis, Sgroi Wealth Advisory may furnish consulting services to clients on matters not involving securities, such as taxation, trust management and estate planning, but are directly related to the ongoing management of client assets. However, the Firm does not act in any capacity as a tax or legal advisor to its clients.

Clients of Sgroi Wealth Advisory may elect to utilize its Thrive platform for building an initial investment portfolio utilizing ETFs. This platform is coupled with Betterment for Advisors, a hybrid robo-advisor platform which allows the advisor to retain the ability to adjust portfolio holdings on a discretionary basis while retaining the low cost and efficiency of a robo-platform.

The Firm is compensated for its advisory services to clients through asset management fees, fixed fees or hourly fees. The fee structure is determined by the types of services elected by the clients. Clients grant the Firm discretionary powers which permit the execution of transactions on the clients' behalfs without consulting with or obtaining consent from them in advance of each transaction. As stated above, this authorization is granted within the advisory agreements initially signed by the clients.

As of December 31, 2019, Sgroi Wealth Advisory had approximately \$ 411,379,179 under management within 2516 client accounts. All assets are managed on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment strategies are then created that reflect the stated goals and objectives of each client. Clients retain the option of imposing restrictions on investing in certain securities or types of securities.

Types of Agreements

Prior to engaging Sgroi Wealth Advisory's services, clients are required to sign an agreement which defines the services that will be provided by the Firm. The following agreements define the typical client relationships between Sgroi Wealth Advisory and its clients. Agreements may not be assigned or transferred to parties other than the original clients entering into the agreements. Since Sgroi Wealth Advisory does not maintain custody of client assets, however, separate agreements may also need to be executed between custodial firms and the client, in addition to the agreements of the Firm described below. Since neither Sgroi Wealth Advisory nor its advisors act as attorneys, their recommendations should not be interpreted as legal advice.

Financial Planning and Consulting Service Agreement

Planning or consulting service clients are required to sign a Financial Planning and Consulting Service Agreement with the Firm. This agreement outlines the nature and level of advisory services to be provided, without requiring the direct management of the client's assets.

For financial planning clients, information regarding a client's personal and financial situation and objectives is collected by the advisor through a confidential interview process. This data is analyzed and a written financial plan, with specific recommendations, is presented to clients if/and when deemed by the advisor to be appropriate to do so. With or without a written financial plan, clients will be provided with recommendations by their advisor based upon the analysis of their financial situation, objectives and risk tolerances.

A comprehensive financial plan, if elected, may include, but is not limited to a net worth statement, a cash flow statement, a review of investment accounts including reviewing past asset allocations, providing asset repositioning recommendations, strategic tax planning, education planning with funding recommendations, a review of retirement accounts and plans including recommendations and one or more retirement scenarios, a review of insurance policies and recommendations for changes, if necessary and an estate planning review and recommendations.

As previously stated, the Firm does not provide legal or accounting advice relative to its financial plans. It will, however, act as a facilitator in these areas between clients and their legal and/or tax advisors relative to the recommendations made in a financial plan.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client and may be implemented with either Sgroi Wealth Advisory or with a financial advisor of the client's choosing.

Consulting services are provided to clients regarding other financial-related concerns in situations where detailed or comprehensive financial planning is either not necessary or not desired. Common areas of concern addressed by these services include:

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| Education planning | Simple investment planning |
| Death, disability and retirement planning | Tax planning |
| Net worth, cash flow and financial position | Risk management (insurance) |
| Other investment or non-investment issues | Estate planning |

Fees for financial planning and consulting services provided may be negotiable, at the discretion of the IAR or the Firm.

Investment Management Agreement

Most clients choose to have Sgroi Wealth Advisory manage their assets in order to obtain ongoing in-depth advice and life planning. These clients are required to sign an Investment Management Agreement which defines the manner in which their assets will be managed and the fees assessed by the Firm. Clients utilizing the Thrive platform are also required to execute a sub-advisory agreement with Betterment for Advisors. Sgroi Wealth Advisory's Investment Management Agreement provides for cash flow management, insurance review, investment management, education planning, retirement planning, estate planning and tax planning, along with the implementation of recommendations within each area. Under the terms of the Agreement, investable assets are managed by the Firm in pursuit of the client's goals in each of these areas.

All aspects of the client's financial affairs are reviewed, including those of their dependents, if any. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. Key suitability parameters for each advisory client are developed with the client and clearly defined in an Investment Policy Statement and/or Client Risk Profile signed by the client at the outset of the advisory relationship or in similar suitability documents. These suitability documents are reviewed with clients on an annual basis and updated as necessary.

Based on each client's objectives and suitability factors identified in their suitability documents, the advisor will develop a plan with each client that focuses primarily on either income generation or growth of equity assets. Fees differ between these two portfolio management options and are listed in the respective advisory agreement presented to the client. Asset management fees are negotiable, as with fees for the Firm's other advisory services, and are assessed in advance for clients utilizing TD Ameritrade as their account custodian. Asset management fees are assessed in arrears, however, for clients utilizing the Thrive/Betterment for Advisors platform.

Participants in the Thrive program are assessed a reduced asset management fee. This fee is negotiable with the client at the discretion of the IAR, as dictated by specific client circumstances. Clients utilizing the Thrive platform agree to have their asset management fee withdrawn on a monthly basis, in arrears, from their custodial account. The initial set-up fee is paid by check payable to Sgroi Wealth Advisory by the client at the time their advisory agreement is executed.

Asset management services are provided to Sgroi Wealth Advisory clients on a discretionary basis, as previously stated. Under the terms of our agreement, clients authorize the advisor to buy, sell, invest, reinvest, exchange and/or trade securities in their accounts at his/her sole discretion and without consulting with the client in advance.

Advisory services are seen as ongoing and agreements are self-renewing unless terminated by either the client or the advisor. Fees and terms within the agreement,

however, may be adjusted periodically to serve the client's ongoing needs. Clients are notified in writing of any adjustments to their agreements.

Clients receive quarterly statements from their account custodian(s) which identify the account balance, fees deducted and, in some cases, the formula used in the calculation of the deducted fees. For clients terminating their advisory agreement prior to the end of a quarter for which they have been billed in advance, the Firm will provide a pro rata refund of fees paid in advance based upon the number of days remaining in the calendar quarter from the date the termination notice is received by the Firm. Refunded fees will be either credited back to the client's advisory account prior to the transfer out of the account or a check forwarded directly to the client. Clients participating in the Thrive program may terminate their Thrive relationship on-line at any time without penalty. Since Thrive asset management fees are assessed in arrears, no credits are issued upon termination.

Retainer Agreement

Sgroi Wealth Advisory may, at its discretion, charge a retainer to clients for financial planning, consulting and/or asset management services. Should it do so, the retainer terms will be clearly stated in the agreement signed by the client.

Asset Management

A minimum account value is not required to open an advisory asset management account.

Advisors generally recommend that clients allocate their investment assets to various vehicles deemed by the advisor to be appropriate and consistent with the client's suitability and objectives. These investment vehicles may include, but are not limited to, the following:

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|----------------------------|-----------------------------|
| Exchange-listed securities | Over-the-counter securities |
| Foreign securities | Warrants |
| Corporate debt securities | Commercial paper |
| Certificates of deposit | Municipal securities |
| Mutual funds | Exchange-traded funds |
| U.S. Government securities | Real estate partnerships |
| Oil and gas partnerships | |

Fees related to investment vehicles are clearly identified to the client, either by the advisor or by prospectus, prior to investing. Initial public offerings (IPOs) are available to clients through Sgroi Wealth Advisory as well, subject to pre-transaction approval of the Firm's Chief Compliance Officer (CCO).

Securities transactions in advisory accounts are executed through TD Ameritrade, Sgroi Wealth Advisory's advisory client custodian. Other brokerage firms, broker/dealers and/or custodians may be utilized if requested by the client, known as client-directed brokerage, or if deemed to be more appropriate by the Firm. Under a client-directed brokerage arrangement, however, clients are advised that their

direction may hinder Sgroi Wealth Advisory's ability to achieve best execution on trades, negotiate commissions or participate in block trading which could be beneficial to the client.

Termination of Agreements

Either Sgroi Wealth Advisory or the client may terminate any of the aforementioned agreements at any time by notifying the other party in writing thirty (30) days prior to the termination date. As previously stated above, clients terminating an asset management agreement prior to the end of a calendar quarter will receive a prorated refund of fees paid in advance based on the number of days remaining in the quarter. Since financial planning and consulting fees are billed upon completion of services, clients terminating from these types of agreements may be billed on a prorated basis using the Firm's hourly billing rate of \$250 per hour for the hours expended up to the date the termination notice is received from the client. Thrive participants are assessed fees in arrears and not subject to credits of fees upon termination.

In addition, Sgroi Wealth Advisory reserves the right to terminate any advisory engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Sgroi Wealth Advisory's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will not be refunded to the client under these circumstances.

Item 5 - Fees and Compensation

Description of Fees

Fees for Sgroi Wealth Advisory's advisory services are established, on an individual basis, during personal consultations. Client goals, the amount of funds and the number of accounts are the major considerations. The Firm's fees are reflective of Sgroi Wealth Advisory's policy of providing personalized high-quality service to its clients.

Fees charged by Sgroi Wealth Advisory for financial planning or consulting services are dependent upon the services rendered to the client and may be either fixed or hourly. The specific services in these areas elected by the client, and their respective fees, are defined in the Financial Planning and Consulting Services Agreement executed with the client upon engaging the services of the Firm. Fees for financial planning or consulting services may be negotiable or waived at the discretion of the IAR and/or the Firm.

For financial planning services, the fee assessed may be either a fixed one-time fee, a recurring annual fixed fee within a range of \$750 to \$5000 or an ongoing monthly subscription fee in the range of \$40 - \$100 per month, depending upon specific needs defined by the client. Fees may also be adjusted upward or downward, at the discretion of the IAR, based upon the complexity of a client's specific financial planning concerns revealed during subsequent discovery interviews.

Consulting services generally entail ongoing discussions and/or reviews of generalized advisory issues not specifically related to financial planning or asset management (i.e. estate planning). These services are usually provided on a limited or ongoing basis, as defined by specific client needs and defined in their agreement. Clients are billed on an hourly fee basis at the Firm's standard rate of \$250 per hour, in fifteen (15) minute increments. These fees may also be waived, at the discretion of the IAR.

Clients utilizing Sgroi Wealth Advisory's ongoing standard asset management services are required to execute an Investment Management Agreement and Investment Policy Statement which define each client's investment parameters, the management services to be provided by the Firm and the asset management fee to be charged for those services. The fee for those management services is based on a percentage of the market value of assets under management at the end of each calendar quarter and billed in advance for the next quarter.

For the purpose of fee calculation, advisory and non-advisory client assets may be aggregated, affording the client the lowest fee percentage whenever possible. As previously noted, the Firm will, at its discretion, allocate client assets to management models mutually agreed upon with the client and consistent with each client's suitability parameters.

As also previously stated, management fees may be negotiable, on a case-by-case basis and at the discretion of the advisor, based on the case complexity or specific needs of a client. Unless stipulated otherwise in a client's investment management agreement, annual asset management fees are assessed as follows for clients engaging the Firm's asset management services after April 1, 2019:

| <u>Account Value</u> | <u>Annual Advisory Fee</u> |
|--------------------------|----------------------------------|
| < \$ 25,000 | 1.75% of assets under management |
| \$ 25,000 to \$ 100,000 | 1.50% of assets under management |
| \$ 100,001 to \$ 250,000 | 1.25% of assets under management |
| \$ 250,001 to \$ 750,000 | 1.00% of assets under management |
| \$ 750,001 or above | 0.75% of assets under management |

Existing or 'legacy' clients of Sgroi Wealth Advisory who engaged the Firm prior to April 1, 2019 will be assessed asset management fees according to the fee schedule specified in their specific Investment Management Agreement. Legacy client fees may be increased, at the discretion of the advisor, if/when the following actions have been taken:

- i. formal notification of an impending fee change to the client by the advisor and completion of a Sgroi Wealth Advisory Fee Change Form;
- ii. completion of an updated Investment Management Agreement, signed by the client and the advisor; and
- iii. completion of an updated Investment Policy Statement (IPS), signed by the client and the advisor.

In general, asset management fees may be reduced by the advisor at any time, with notification of the reduction relayed to the client.

Clients utilizing Sgroi Wealth Advisory's Thrive platform are assessed an asset management fee 150 basis points (1.50%) of assets under management on the Thrive platform. Of this asset management fee, 25 basis points (.25%) compensates Betterment for Advisors as a sub-advisor and the remainder compensates Sgroi Wealth Advisory for its asset management and financial planning services. These fees are deducted in arrears from each client's custodial account quarterly. Additionally, clients participating in the Thrive/Betterment for Advisors platform are assessed an initial account set-up fee of \$250 payable to Sgroi Wealth Advisory by personal check.

Fee Billing

One-time fixed fees for financial planning services are 50% payable upon execution of the agreement with the balance due within thirty (30) days following the presentation to the client of the written financial plan or planning recommendations. Recurring annual fees are due in quarterly installments which will be either billed directly to the client or deducted directly from a client's custodial advisory account. While clients are not required to implement their financial plan with the Firm, the fee for developing a financial plan may be waived or applied to ensuing asset management fees, at the discretion of the IAR of the Firm, should they elect to do so.

Consulting services are billed to clients either upon completion of each specific consultation or cumulatively on a quarterly basis for ongoing consulting services, as specified in the client's agreement. An up-front retainer may be required for these services, at the discretion of the advisor, with balances due as stated above for these services.

As previously stated, should a client elect to terminate these services prior to the completion of the services contracted for, a prorated fee will be determined based on the time expended by the advisor up to the Firm's receipt of a written termination notice from the client. An invoice reflecting the prorated fee based on the advisor's hourly rate of \$250 will be forwarded to the client, due and payable within fifteen (15) days of date of the invoice. The Firm will not refund any portion of financial planning or consulting fees or retainers which may have been paid in advance by the terminating client.

With the exception of Thrive participants, all asset management clients are billed in advance each quarter for advisory services based on a percentage of each client's assets under management on the last business day of each calendar quarter, as valued by the account custodian(s), according to the fee schedule above. Managed and indirectly managed client account balances may be aggregated for the purpose of fee calculations. New accounts, once established, are assessed a pro rata portion of the annual fee for the quarter in which the account is established. These fees are deducted directly from the client's advisory accounts by their custodian, as agreed upon in their Investment Management Agreement, and forwarded to Sgroi Wealth Advisory by the custodian.

Thrive asset management fees are deducted in arrears directly from each participating client's custodial account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain securities, including mutual funds and exchange-traded funds. These transaction charges, if assessed, are usually small and incidental to the purchase or sale of a security and defined in the respective custodian's agreement, which is provided to and signed by the client prior to utilizing the custodian. Sgroi Wealth Advisory, however, does not receive any portion of these fees, if charged by the custodians. From an asset management standpoint, the selection of securities appropriate to a client's portfolio and their overall management plan is more important than these nominal fees, if any, that the custodian may charge to buy or sell the securities selected. At this time, TD Ameritrade does not assess any such transactional fees to the Firm's advisory clients. The Firm may, at its discretion, allocate assets from client portfolios to third-party asset managers who may impose additional charges beyond the management fees assessed by Sgroi Wealth Advisory. If charged, these additional fees would be disclosed to the client prior to the allocation of funds to that asset manager platform.

Expense Ratios

Most mutual funds, whether purchased directly or through custodial accounts, generally charge an internal management fee, called an expense ratio, which is separate from the advisory service fees charged by Sgroi Wealth Advisory or transaction fees which might be charged by the custodian(s). For example, an expense ratio of 0.50 means that the mutual fund company charges 0.50% for their services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. These fees are specific to each mutual fund and deducted from the fund's performance annually by the mutual fund company. Clients are not billed directly for these fees. Any such fees, if present, are clearly defined in each mutual fund's prospectus, which is provided to the client at the time the fund is recommended to the client.

Past Due Accounts and Termination of Agreements

Sgroi Wealth Advisory has not established a policy on past due accounts since most fees are billed in advance and deducted directly from asset management accounts. In the event, however, that an outstanding balance remains uncollected (i.e. Thrive management fees, hourly consulting fees) within a timeframe deemed reasonable by the Firm, the client may be notified of a termination of their relationship and collection actions initiated, at the discretion of the Firm.

Under normal circumstances, as previously stated, either Sgroi Wealth Advisory or the client may terminate any of the aforementioned agreements at any time by notifying the other party in writing at least thirty (30) days prior to the termination date.

Item 6 - Performance-Based Fees

Performance-Based Fees

Sgroi Wealth Advisory's fees are not based on a share of the capital gains or capital appreciation of managed securities. Such performance-based fee structures could present the Firm with a potential conflict of interest in which an advisor might be incented to recommend an investment or investment strategy that could carry a higher degree of risk to the client in pursuit of increased performance, which would in turn generate higher fees for the advisor.

Item 7 - Types of Clients

Description

Sgroi Wealth Advisory's clients are comprised primarily of individuals but may also include high net worth individuals, corporations, pension and profit-sharing plans, trusts, estates and charitable organizations. Client relationships vary in scope and length of service.

Account Minimums

Sgroi Wealth Advisory does not require a minimum account size to engage a new client or retain an existing client. Advisory fees, however, do vary based on the amount of assets under management by the Firm and client with smaller accounts may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

Methods of Analysis

In developing investment strategies for advisory clients, the Firm may employ long-or short-term purchases, trading of securities within thirty (30) days, short sales, margin accounts and option writing. The development of these strategies is based on a variety of information sources and methods of securities analysis. Information sources include financial publications, research acquired from outside sources, corporate rating services and company press releases, along with annual reports, prospectuses and SEC filings. Specific securities may be evaluated through the use of charting, fundamental, technical and/or cyclical analysis methods.

Other sources of information that Sgroi Wealth Advisory may use include Morningstar Advisor Workstation, Riskalyze, FactSet, Third Party Review and Proprietary Research. Internet or related types of informational sources relative to securities and securities markets may also be utilized.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation. This approach seeks to maximize gains while minimizing risk through the use of diversification of investments across a broad spectrum of domestic and foreign asset classes. Portfolios are globally diversified in this manner to control the risk associated with individual market sectors.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client provides the advisor with detailed information that documents their objectives and their desired investment strategy. This information is reviewed with the client periodically and strategies adapted to any changes in objectives and/or suitability. As previously stated, other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Clients are advised of these various types of risk and the possibility of loss of their assets. Investment strategies are developed based on the risk tolerance of each client and the types of these risks they may be subjected to. Investment vehicles are then selected by the advisor that are deemed suitable for the client according to their respective goals, timeframes and risk tolerances to potential losses. Our investment approach constantly keeps this risk of loss in mind. Investors may face any or all of the following investment risks while pursuing their financial goals:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric

company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 - Disciplinary Information

Legal and Disciplinary

In 2012, a complaint was filed with FINRA against Cadaret, Grant & Co., Inc., a FINRA-registered securities broker/dealer and John Clouden, as a Registered Representative of that firm, alleging an improper sale of a fixed annuity product. Subsequently, the case was settled by mutual agreement between Cadaret, Grant and the client without any determination of validity to the allegations. Mr. Clouden was not a party to the settlement and made no contribution to the settlement negotiated. Otherwise, Mr. Clouden has not been a party to any securities-related legal or regulatory actions. Further, this event predates and is completely unrelated to Mr. Clouden's association with Sgroi Wealth Advisory Group LLC.

Neither the Firm nor any of its other associated persons have been involved in any legal or disciplinary events related to past or present investment clients.

Item 10 - Other Financial Industry Activities and Affiliations

Financial Industry Activities

Sgroi Wealth Advisory is not registered as a securities broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor. Some associated persons of the Firm, however, are FINRA-licensed Registered Representatives of Cadaret, Grant & Co., Inc., a securities broker/dealer holding memberships in FINRA and SIPC. As such, they may sell products and services through Cadaret, Grant and receive separate and standard commissions on the sale of those products and services. Sgroi Wealth Advisory and Cadaret, Grant & Co., Inc. are otherwise separate entities.

Some associated persons of the Firm are also licensed as life and/or health insurance agents and may be compensated through separate and standard commissions for the sale of insurance and insurance-related products and services.

Affiliations

As previously stated, Sgroi Wealth Advisory does not provide legal, accounting or tax preparation services to its clients. Should the need arise for those services, however, the Firm or IAR may refer the clients to attorneys or accountants who are independent of Sgroi Wealth Advisory. If clients choose to use the services of those firms, they may be required to execute separate agreements with them which identify their respective services and fees. Sgroi Wealth Advisory receives no compensation for such referrals.

Outside Business Activities

As stated above, IARs of the Firm may also be licensed as Registered Representatives of Cadaret, Grant & Co., Inc. and as licensed life insurance agents. These activities are in addition to their responsibilities as Sgroi Wealth Advisory advisors. Sgroi Wealth Advisory, however, receives no portion of commissions earned by IARs for the sale of securities through Cadaret, Grant or for the sale of insurance and insurance-related products and services.

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

Code of Ethics

Sgroi Wealth Advisory places the utmost priority on maintaining high standards of integrity and professionalism by its associated persons in the conduct of its advisory business. The greatest asset held by this Firm is the trust and confidence placed in it by the clients. It is incumbent upon all members of the Firm to maintain, further and adhere to the tenet that the clients' interest is paramount in all that we do. The following procedures have been formulated to ensure that these fiduciary obligations are met. In addition, since some associated persons of Sgroi Wealth Advisory have received the CFP® Certification from Certified Financial Planner Board of Standards, Inc., it is the Firm's policy to incorporate into its Code of Ethics the principles of CFP Board's Code of Ethics and Standards of Conduct, as updated and amended in 2019. The CFP Board's Code of Ethics and Standards of Conduct may be viewed in its entirety at <https://www.cfp.net/for-cfp-professionals/professional-standards-enforcement/code-and-standards>.

The Firm's Code of Ethics establishes ethical guidelines for its employees and advisors to adhere to relative to the following key areas of its advisory operations:

| | |
|-------------------------|--|
| Compliance | Personal Securities Transactions |
| Insider Trading | Rumor Mongering |
| Conflicts of Interest | Outside Business Activities |
| Gifts and Entertainment | Code Violation Reporting and Sanctions |
| Recordkeeping | |

All associated persons of Sgroi Wealth Advisory are committed to our Code of Ethics, which is available in its entirety for review by clients and prospective clients. Copies

of the Code may be requested by written request sent to Sgroi Wealth Advisory Group LLC, 965 Union Road, West Seneca, New York 14224 or by calling our office at (716) 674-6700 during normal business hours. A copy will be forwarded promptly upon receipt of a request.

Participation or Interest in Client Transactions

Sgroi Wealth Advisory and its employees may buy or sell securities in personal accounts that are also held by clients. Associated persons of the Firm are prohibited, however, from trading securities within their personal accounts ahead of trades of the same securities in client accounts, a practice commonly known as “front running”. They are also prohibited from conducting sales of securities between their personal accounts and those of advisory clients.

Personal Trading

It is Sgroi Wealth Advisory’s policy to prohibit personal securities transactions by its associated persons which are or could lend the appearance of being in conflict with either client transactions or the Firm’s fiduciary responsibility to its clients. The Firm has designated John Clouden as its Chief Compliance Officer (CCO). As such, he conducts reviews of all associated person trading activity on a quarterly basis. His trades, in turn, are reviewed by the Firm’s President. These personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the Firm receive preferential treatment at all times.

Item 12 - Brokerage Practices

Selecting Brokerage Firms

While Sgroi Wealth Advisory does maintain an unrelated broker/dealer affiliation with Cadaret, Grant & Co., Inc., a FINRA-registered securities broker/dealer, the Firm does not currently utilize any such broker/dealer relationships relative to its trading activities for advisory clients. It does, however, utilize TD Ameritrade as an outside custodian and participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), Member FINRA/SIPC. TD Ameritrade is an independent SEC-registered broker-dealer which is unaffiliated with Sgroi Wealth Advisory beyond its role as qualified custodian for the Firm’s advisory client accounts. As custodian, TD Ameritrade offers to Sgroi Wealth Advisory services which include custody of securities, trade execution, clearance and settlement of transactions. In addition, Sgroi Wealth Advisory may receive other benefits from TD Ameritrade through its participation in the program, as described in Item 14 below.

Additionally, as previously stated, Betterment Securities LLC serves as custodian for client accounts utilizing the Betterment for Advisors platform. Betterment Securities LLC is also a FINRA-registered securities broker/dealer. As with TD Ameritrade, however, no advisory client transactions are executed as commission-based trades through that broker/dealer relationship. Sgroi Wealth Advisory does not receive any

additional benefits or services from Betterment beyond their transactional services to advisory accounts.

Best Execution

Sgroi Wealth Advisory reviews the execution of its advisory client trades on an ongoing basis to ensure that its clients are receiving the best execution possible within their advisory accounts. In addition to best execution reviews by the custodians, Sgroi Wealth Advisory's CCO or a designated alternate conducts a weekly review of their trading accuracy. If significant pricing disparities are noted, the CCO will investigate and, if/when necessary, adjust client accounts to ensure the client has received the best execution at that time.

The CCO may, at his discretion, periodically review Rule 605 or Rule 606 reports for the custodial or broker/dealer platforms utilized by the Firm in the execution of advisory account transactions to compare the performance of these entities to their peers in the overall securities marketplace. If any issues of potential concern are noted in these reports relative to trading activities affecting the Firm's advisory clients, they are addressed by the CCO directly with the respective custodian at that time, resolved immediately in the client's favor and all relevant information documented accordingly.

Based on these comparisons, the Firm continually seeks to ensure that the overall trading execution performance of its custodians compare favorably in the marketplace. Documentation of the Firm's ongoing Best Execution review is maintained by the CCO as a key component of its compliance books and records.

Soft Dollars

Advisory firms may receive research and/or other benefits from their selected custodians not routinely offered to the custodian's retail clients. Such benefits are commonly referred to as "soft dollar" arrangements. Soft dollar benefits may enable Sgroi Wealth Advisory to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Custodians may also make available other products and services that benefit Sgroi Wealth Advisory but may not directly benefit our clients' accounts. Many of these products or services may be used to service all or a substantial number of our advisory client accounts, including accounts not maintained at TD Ameritrade, the Firm's primary custodian at this time. However, the commission and/or transaction fees charged by the custodians in conjunction with providing these products and services may be higher or lower than those charged by other custodians or broker/dealers for the same types of services.

At this time, Sgroi Wealth Advisory participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") a member firm of FINRA/SIPC. TD Ameritrade is also an independent SEC-registered broker-dealer not affiliated with Sgroi Wealth Advisory. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, trade clearance and settlement of transactions. Our Firm affirms that it does receive some additional benefits from

TD Ameritrade through its participation in this program (please see the disclosure under Item 14 below).

Typical benefits afforded to advisors as “soft dollar” benefits may include some or all of the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research-related products and tools;
- consulting services;
- access to a trading desk serving advisor participants;
- access to block trading;
- 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/or
- discounts on compliance, marketing, research, technology and practice management products or services provided to the advisor by third-party vendors.

As described in detail in Item 14 below, TD Ameritrade may make available, arrange and/or pay third-party vendors for services rendered to Sgroi Wealth Advisory. They may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our Firm. They may provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at TD Ameritrade, we may consider the availability of some of these products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by a custodian, which may create a potential conflict of interest.

The Firm may also engage the services of other service providers, such as Betterment for Advisors, who provide select services not generally offered to retail investment clients. Such firms engaged by Sgroi Wealth Advisory may provide software programs and/or related services utilized by the Firm to conduct risk assessments of clients and corresponding portfolio model constructions. The Firm may then elect to engage these firms in the capacity of third-party asset managers, employing their proprietary platform models and select mutual fund offerings for a portion of the advisory fee charged by Sgroi Wealth Advisory to its clients. Some elements of the research and software provided to Sgroi Wealth Advisory may be viewed as soft dollar benefits to the Firm. Further, these relationships could result in real or perceived conflicts of interest by directing client assets to the proprietary platforms available through these firms in conjunction with utilizing their risk assessment software. As stated above, however, clients are not assessed any additional fees related to use of these programs or portfolio models.

At this time, Sgroi Wealth Advisory utilizes only TD Ameritrade as its custodial platform for advisory client accounts, with the exception of accounts held within the Thrive platform. Thrive advisory client accounts are custodied with Betterment for Advisors as dictated by a separate agreement between Betterment and the participating client. With its custodial relationship with TD Ameritrade, the Firm acknowledges receipt from TD Ameritrade of some soft dollar benefits, as defined above, with details of these soft dollar benefits specifically identified in Item 14 below. Should the Firm elect to utilize different or additional custodians, this document will be updated to disclose any soft dollar arrangements between those entities and Sgroi Wealth Advisory.

Order Aggregation

If/When trades are placed by the Firm in individual securities for clients, such orders may be “batched” or aggregated with those of other clients or the advisor to facilitate a block trade. By executing block trades, the Firm seeks to achieve a better execution price for all parties interested in trading a specific security.

When trades are blocked, the allocation of shares is established in writing before the trade is entered. In the event of a partially filled block order, shares will be allocated in a top down manner, based upon the order of trades received, until all available shares have been allocated to client accounts. An advisor’s personal or family accounts will not receive an allocation of shares unless all client orders have been satisfied first. In the event of varying execution prices in a block trading situation, the clients will receive the average of the execution prices to achieve a uniform price for all clients. Detailed records of each block trade and the allocation of shares are maintained by the Firm’s CCO.

Item 13 - Review of Accounts

Periodic Reviews

Sgroi Wealth Advisory continuously monitors the composition and performance of client portfolios as a key component of its ongoing service commitment to its clients. Account reviews are conducted by each advisor with their respective clients at least annually. Reviews may be performed more frequently in response to client requests or at any time when the Firm or the individual advisor feels that specific events or market conditions dictate.

Portfolio models, if used, will be reviewed and updated quarterly by the Firm's CCO and IARs. Adjustments to portfolio models may be made periodically to reflect changes in suitability, market conditions, market opportunities and client concerns. Individual holdings within models are evaluated relative to their performance and the likelihood that they will contribute to the objectives of the specific portfolio model in which they are held.

Review Triggers

The Firm’s advisors monitor economic and market conditions, perform due diligence reviews of securities and financial products and investigate significant gains or losses

in client portfolios. Concerns in any of these areas, changes in tax laws and/or changes in client objectives or suitability may trigger the need for off-cycle account reviews with clients as well, in addition to normal annual reviews.

Regular Reports

Clients are provided with transaction confirmations, notices and regular account statements directly from the custodian of their accounts on a quarterly basis. Copies of all items sent to clients are simultaneously copied to Sgroi Wealth Advisory. The Firm's CCO will conduct annual "due inquiry" mailings to clients to confirm their regular receipt of account statements directly from their respective account custodians.

Item 14 - Client Referrals and Other Compensation

Incoming Referrals

Sgroi Wealth Advisory's advisors have been fortunate to receive many client referrals over the years, which have come from current clients, attorneys, accountants, employees, personal friends and other similar sources. These sources of client referrals are not compensated for the referrals they make. The Firm may, at its discretion, utilize the services of paid solicitors whose sole function is to promote the services of Sgroi Wealth Advisory to prospective clients. Paid solicitors are required to execute a Solicitor's Agreement with the Firm to clearly delineate their roles along with the manner in which they are compensated by the Firm. They are also required to provide prospective clients with disclosures indicating their status as paid solicitors.

Sgroi Wealth Advisory may also utilize the services of professional sales lead generation agencies. Such agencies may or may not also function as solicitors for Sgroi Wealth Advisory, if/when used, based on the manner and degree to which they fashion their specific references to the Firm or its IARs. When deemed to be acting as a solicitor, an agency must comply with all SEC and/or state requirements for solicitors. Some agencies utilized by Sgroi Wealth Advisory Group may generate qualified leads based on side-by-side profiles of IARs from a mix of advisory firms which are posted to a publicly accessible common website. Prospective clients may peruse these advisor profiles and initiate contact at their discretion with a posted advisor from the grouping. Such agencies are compensated at a fixed rate by the Firm only for contacts initiated with Sgroi Wealth Advisory IARs posted to the website.

Referrals may also be obtained through advertising services for investment professionals sponsored by nationally syndicated financial talk shows. Generally, advisors showcased in this venue are vetted by the advertising service in advance and may be monitored on an ongoing basis for adherence to ethical standards. Advisors promoted in this manner pay an advertising fee to the sponsors to participate in their advertising program. Prospective clients, however, do not pay a fee to obtain a referral to a participating advisor.

Referrals Out

Sgroi Wealth Advisory does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred out to them by the Firm.

Other Compensation

As disclosed under Item 12 above, Sgroi Wealth Advisory participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to its clients for custody and brokerage services. There is no direct link, however, between the Firm's participation in this program and the investment advice it gives to its clients, although it may receive economic benefits through its participation that are typically not available to TD Ameritrade's retail investors.

Sgroi Wealth Advisory receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the Institutional program. TD Ameritrade provides Additional Services reimbursements to Sgroi Wealth Advisory in its sole discretion and at its own expense, and our Firm does not pay any fees to TD Ameritrade for these Additional Services. Sgroi Wealth Advisory and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") which governs the terms of the provision of their reimbursements for these additional services to our Firm.

In accordance with terms and conditions set forth in an Additional Services Addendum executed between TD Ameritrade and Sgroi Wealth Advisory, our Firm is entitled to receive such services up to a value of \$100,000 per year. Sgroi Wealth Advisory represents and agrees that these specified services will be used in connection with its investment advisory business and exclusively for the direct or indirect benefit of its clients. The Firm has designated in the Addendum the services to be received and may amend the designated services by providing written notice to TD Ameritrade to the extent (a) the designated Additional Services remain available and (b) the services received by our Firm are described as follows:

| <u>Vendor Name</u> | <u>Product/Service Received</u> | <u>Annual Amount</u> |
|--------------------|---------------------------------|----------------------|
| Factset | Research Tool | \$ 12,682.32 |
| Pempell Design | CRM Tool | \$ 71,017.68 |
| Trustwave | Computer Security | \$ 8,500.00 |
| Panoramix | Billing/Reporting | \$ 7,800.00 |

Sgroi Wealth Advisory's receipt of these Additional Services raises potential conflicts of interest. In providing Additional Services to the Firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Sgroi Wealth Advisory's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Sgroi Wealth Advisory may have an incentive to recommend to its clients that the assets under management by Sgroi Wealth Advisory be held in custody with TD Ameritrade and

to place transactions for client accounts with TD Ameritrade. The Firm's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

Item 15 - Custody

Account Statements

It is the Firm's policy to have custody over client assets only to the extent that it requests the client's custodian(s) to deduct advisory fees directly from the client's account(s), when authorized by the client, in lieu of fees being billed directly to the client for payment. As previously stated, all advisory client assets are held at either TD Ameritrade or Betterment for Advisors, both of which are qualified custodians as defined by the SEC. They provide account statements directly to clients at their address of record at least quarterly, with copies forwarded electronically to Sgroi Wealth Advisory.

Performance Reports

Clients are urged to review the performance of their investments as reported on their account statements received directly from their account custodians. These statements, along with market and portfolio performance are reviewed with each client during periodic account reviews with their respective advisor.

Net Worth Statements

On request, clients may be provided net worth statements and net worth graphs by their IAR. Net worth statements may contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate, in addition to invested assets. The net worth statements are used for long-term financial planning where the exact values of assets are not necessarily material to the financial planning tasks.

Item 16 - Investment Discretion

Discretionary Authority for Trading

Investment advisory services are provided to clients on a discretionary basis only, with discretion authorization specified in each respective client's asset management agreement. Accordingly, under a discretionary relationship, Sgroi Wealth Advisory has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the timing of transactions and the amount of the securities to be traded. This authority facilitates placing trades in client accounts on their behalf so that we may promptly implement their investment policy when timeliness is an issue.

The use of discretion is granted by each client and expressly authorized in the agreement that they signed upon engaging the services of the Firm. The clients do retain the right to place limitations on the advisor's discretionary powers. If any such limitations or restrictions are specified, they are clearly defined within the advisory

agreement at the outset of services. Subsequently, restrictions may be added or dropped from the client's authorization by submitting a request in writing to the Firm.

Limited Power of Attorney

Sgroi Wealth Advisory does not accept or maintain power of attorney over client accounts or financial affairs.

Item 17 - Voting Client Securities

Proxy Votes

Sgroi Wealth Advisory does not vote securities proxies on behalf of its clients. Clients are expected to vote their own proxies and account custodians are directed to forward all proxy voting materials directly to the clients. If assistance on voting proxies is requested by a client, either the Firm or the IAR may provide guidance or recommendations only. If any conflict of interest might exist relative to advising the client on proxy issues, it will be disclosed to the client.

Account establishment documents for some custodians may, however, state that the Firm will vote proxies on behalf of the clients (i.e. TD Ameritrade). Since these documents are proprietary to the custodian and beyond the ability of Sgroi Wealth Advisory to modify, the Firm will forward all proxy-related documents received via these custodians to either the client or a third party designated by the client. In these situations, the Firm will take no action relative to the proxy beyond the forwarding of the proxy materials.

Item 18 - Financial Information

Financial Condition

Sgroi Wealth Advisory does not have any financial impairment that will preclude the Firm from meeting contractual commitments to clients. Neither the Firm nor any associated persons have been a party in any bankruptcy proceedings during the past ten (10) years. Since Sgroi Wealth Advisory does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1200 per client six months or more in advance, it is not required to prepare or provide a financial balance sheet to clients.

As a result of the Covid-19 pandemic disruption to financial networks in March of 2020, the Coronavirus, Aid, Relief and Economic Securities Act (CARES Act) was enacted. Included in its various provisions was funding for the Paycheck Protection Program (PPP). This provided forgivable loan funds to small businesses to be used for employee payroll, rent/mortgage interest and/or utilities through June 30th, 2020. The primary purposes of the PPP have been to ensure through financial incentives that small businesses retain employees and continue to fund their payrolls and other critical business expenses at pre-pandemic levels. Businesses retaining their original employees as of June 30th may apply to have their loans forgiven. Application and receipt of PPP loans should be seen by the public as sound, preemptive planning by

small businesses and not as an indicator of a firm's financial instability.

Current SEC guidelines dictate that SEC-registered investment advisory firms receiving PPP loans must provide disclosure of such loans in this Disclosure Document.

Accordingly, Sgroi Wealth Advisory is herein disclosing that it applied for and received a PPP loan in April 2020 which will be utilized exclusively to fund payroll through June 30th, 2020. It is anticipated by the Firm that this loan assistance will prevent the loss of any advisory and/or administrative staff due to the economic downturn caused by the Covid-19 pandemic. Should that be the case, Sgroi Wealth Advisory may apply for loan forgiveness of those amounts of the loan proceeds utilized for this purpose, in keeping with the terms of its loan agreement.

Sgroi Wealth Advisory Group LLC

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Client Relationship Summary (Part 3 or Form CRS of Form ADV)

This client relationship summary provides additional information about Sgroi Wealth Advisory Group LLC relating to how our Firm conducts its advisory business, how our advisors interact with clients and any real or perceived potential conflicts of interest that might arise from the manner in which we conduct our advisory business. Additional information about Sgroi Wealth Advisory Group LLC and its advisors is available on the SEC's website at www.adviserinfo.sec.gov.

May 15, 2020

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|---|---|---------------------------------------|--------------------------------------|----------------------|------------------------------------|------------------|-------------------|---------------------|-----------------|
| <p>Introduction.</p> | <p>Sgroi Wealth Advisory Group LLC is a SEC-registered investment advisory firm. Investment advisor representatives of our firm are also FINRA-registered brokers and provide brokerage services through Cadaret, Grant & Co., Inc., a FINRA/SIPC-member broker/dealer. Investment advisory and brokerage services are different and it is important that you understand these differences when selecting services appropriate to your specific needs. Free and simple tools are available to research firms and financial professionals at investor.gov/CRS, which also provides educational materials about broker/dealers, investment advisors and investing in general.</p> | | | | | | | | |
| <p>What investment services and advice can you provide me?</p> | <p>As an investment advisor, we provide personalized confidential financial planning, asset management and related consulting services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, charitable organizations and small businesses. Recommendations to clients are made based on ongoing consultations with our clients and analysis of each client's specific financial needs. Our advisory services may include the following:</p> <table border="0"> <tr> <td>Determination of financial objectives</td> <td>Identification of financial problems</td> </tr> <tr> <td>Cash flow management</td> <td>Investment planning and management</td> </tr> <tr> <td>Insurance review</td> <td>Education funding</td> </tr> <tr> <td>Retirement planning</td> <td>Estate planning</td> </tr> </table> <p>When desired by or most appropriate for our clients, we provide straight-forward brokerage services which may entail research of selected securities, execution of transactions in securities and monitoring of securities held within your brokerage accounts.</p> <p>With either type of service, as registered investment advisors, we adhere to fiduciary standards which require that we put your interests above those of ourselves and our firm.</p> | Determination of financial objectives | Identification of financial problems | Cash flow management | Investment planning and management | Insurance review | Education funding | Retirement planning | Estate planning |
| Determination of financial objectives | Identification of financial problems | | | | | | | | |
| Cash flow management | Investment planning and management | | | | | | | | |
| Insurance review | Education funding | | | | | | | | |
| Retirement planning | Estate planning | | | | | | | | |
| <p>What fees will I pay?</p> | <p>As outlined in the Fees section of our Form ADV Part 2A, we are paid for our advisory services through fixed dollar fees for financial planning or consulting services or through a percentage of assets under management in your advisory custodial accounts. While the former fees are fixed, with the latter the dollar amount of our compensation is determined by the size of your portfolio. In simple terms, as your account grows, so does our compensation. Usually, as your assets grow under our management, the actual percentage of our fee applied to your assets under our management may decrease.</p> <p>Brokerage services, which are executed through the broker/dealer, are strictly commission-based with the level of compensation defined by the product provider, not by our firm. Some investments (i.e. mutual funds) carry internal expenses in addition to sales charges while others may incur actual ticket charges with each trade executed through the broker/dealer.</p> <p>Either service has the potential for conflict of interest in that the advisor could recommend investments generating higher compensation. As investment advisors, however, our fiduciary responsibility to our clients prohibits us from doing so.</p> | | | | | | | | |

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| | <p>Conversation Starter. Ask your investment advisor – <i>{Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?}</i></p> |
| <p>What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?</p> | <p>As your investment advisor, we have a fiduciary obligation to always act in your best interest and not put our interests ahead of yours. At the same time, how we make money has the potential to create conflicts with your interests. You should understand and ask us about these potential conflicts. Here are some examples to help you understand these potential conflicts:</p> <ul style="list-style-type: none"> • As a dually-registered advisory firm, we may recommend commission-based investments through the broker/dealer which entail sales charges and/or internal expenses than you might incur with fee-based similar products but are, in our opinion, better suited to your specific needs. • We may receive financial or research incentives (known as ‘soft dollars’) from custodians to place your assets with them which may benefit us as an advisor but not necessarily you. <p>Conversation starter. Ask your investment advisor – <i>{How might your conflicts of interest affect me, and how will you address them?}</i> <i>For additional information, please see our Form ADV Part 2A Disclosure Document.</i></p> |
| <p>How do your financial professionals make money?</p> | <p>We are paid based on either a percentage of your assets under our management or through set fees for financial planning or consulting services, which are defined in our Form ADV Part 2A. Your individual advisor is paid a portion of these fees as her/his compensation and the remainder is compensation to our Firm.</p> <p>As a Registered Representative of a broker/dealer, your advisor may also receive commissions for the sale of securities products for brokerage services transacted through a broker/dealer. Our firm does not share in this compensation however.</p> <p>While the potential for a conflict of interest exists by your advisor or the Firm recommending one type of service over the other based on greater compensation, as fiduciaries we must put your interests above ours when determining which type of financial service best suits your needs and objectives.</p> |
| <p>Do your financial professionals have legal or disciplinary history?</p> | <p>No, as stated in our Form ADV Part 2A, no advisors associated with Sgroi Wealth Advisory Group LLC have legal or disciplinary histories relating to their roles as registered investment advisor representatives.</p> |
| <p>Additional information.</p> | <p>For additional information about our Firm and its services, please refer to our complete Disclosure Document, Form ADV Part 2A. Additional information regarding our individual investment advisors is available on their Form ADV Part 2B, at FINRA’s BrokerCheck site or through the SEC at www.adviserinfo.sec.gov. If you would like to receive a complete copy of our Form ADV, please contact John Clouden at (716) 674-6700 or by email at www.sgroifinancial.com.</p> <p><u>Conversation starter. Ask your investment advisor –</u> <i>{Who is my primary contact person? Is she/he a representative of your advisory firm, a broker/dealer or both? Who can I talk to if I have concerns about how this person is treating me?}</i></p> |