



# STEWARDSHIP ADVISORS, LLC

*Walking with you on your journey*

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## Form ADV Part 2A – Appendix 1 Wrap Fee Program Brochure March 23, 2021

This wrap fee program brochure provides information about the qualifications and business practices of Stewardship Advisors, LLC. Please contact our Chief Compliance Officer, Mr. Mark Brinser, at (717) 492-4787 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Stewardship Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 277099.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 - Material Changes**

Since our previous annual amendment on March 26, 2020, Stewardship Advisors, LLC (“Stewardship” or “Firm”) has stopped offering the wrap fee program to new clients. Some existing clients are grandfathered into the program, however, Stewardship is moving away from the wrap fee program and encouraging existing clients to switch to our other management fee options. Also, since our previous annual amendment, Stewardship has created a YouTube page and begun creating and posting videos to the page.

As there may be other non-material changes to this document, Stewardship encourages clients to reach this brochure in its entirety.

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#### **Item 4 - Services, Fees and Compensation**

##### **Description of the Firm**

Stewardship Advisors, LLC is a Pennsylvania domiciled limited liability company formed in November of 2011. In October 2015, Stewardship registered as a Pennsylvania investment adviser, followed by our SEC registration in July of 2016. Stewardship Advisors, LLC and our associates may notice- file (register) and/or become licensed or meet certain exemptions to registration and/or licensing within other jurisdictions where investment advisory business is conducted.

The firm's partners and control persons are Messrs. W. Lee Shertzer, CFP®, ChFC®, CLU®, RICP®, John C. Simkins, ChFC®, Thomas E. Talbott, CFP®, CKA®, CAP® and Mark A. Brinser, CFP®. Mr. Shertzer is the firm's majority shareholder and serves as Managing Member. Mr. Brinser is our Chief Compliance Officer (senior supervisor).

As of December 31, 2020, our firm had over \$290 million of reportable assets under its management on a discretionary basis.

We also provide financial planning and portfolio management services which do not involve wrapped (unbundled) fees, as well as services for retirement plans. Additional information about these other services are described in greater detail in our separate Form ADV Part 2A firm brochures and interested parties should contact our firm for further information.

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

Our wrap fee program incorporates financial planning, portfolio management and brokerage transactional services for a single asset-based fee. Our firm serves as program sponsor and provides financial planning and portfolio management for participants. TD Ameritrade Institutional, a division of TD Ameritrade, Inc.; Member FINRA/SIPC. TD Ameritrade Institutional offers independent investment advisors various services which may include custody of securities, trade execution, clearance and settlement of transactions, and in which our firm receives benefits from a custodian through our participation in their program offerings which will be described in further detail in later sections of this brochure.

During or prior to this meeting you will be provided with our Form ADV Part 2 firm brochure, our privacy policy, and brochure supplements for the representatives who will be assisting you. We will also ensure that any material conflicts of interest have been disclosed to you that could be reasonably expected to impair the rendering of unbiased and objective advice.

If you wish to engage Stewardship Advisors, LLC for our services, you must first execute a written engagement agreement with our firm. Thereafter discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc.

It is important that you provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to: source of funds, income levels, and an account holder or their legal agent's authority to act on behalf of the account, among other information that may be necessary. This helps us determine the appropriateness of our planning strategies and/or investment recommendations. The information and/or financial statements you provide needs to be accurate. Our Firm is not obligated to verify the information you provide. It is also essential to keep us informed of significant issues that may call for an update to your plan. Events such as changes in employment or marital status, an unplanned windfall, etc., can have an impact on your circumstances and needs. We need to be aware of such events, so that we may make adjustments as necessary in order to keep you on track toward your goals.

### ***Financial Planning Component***

The incorporation of most or all of the following planning components allows for not only a thorough analysis but also a refined focus of your goals and objectives. Your plan may be as broad-based or narrowly focused as you desire. Note that when our planning focuses only on certain areas of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established. We will present you with a summary of our recommendations, guide you in the implementation of some or all of them per your decisions, as well as encourage ongoing reviews thereafter. You retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

### ***Cash Flow Analysis and Debt Management***

A review of your income and expenses may be conducted to determine your current surplus or deficit. Based upon the results, we might recommend prioritizing how any surplus should be used, or how to reduce expenses if they exceed your income. In addition, advice on the prioritization of which debts to repay may be provided, based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals. These recommendations are based upon a review of cash accounts (such as money market funds) for such reserves and may include strategies to save desired reserve amounts.

### Risk Management

A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).

### Employee Benefits

A review is conducted, and analysis is made as to whether you, as an employee, are taking maximum advantage of your employee benefits. We will also offer guidance on your employer-sponsored retirement plan and/or stock options, along with other benefits that may be available to you.

### Personal Retirement Planning

Retirement planning strategies typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

### College Funding

Advice involving college funding may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available. We are also available to review your financial picture as it relates to eligibility for financial aid or the best way to contribute to family members, such as grandchildren, if appropriate.

### Tax Strategies

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, recommendations may be offered as to which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. Upon your request, we will assist you in preparing tax forms or data collection for your accountant’s review.

### Estate Planning

Our review typically includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. We may assess ways to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We generally recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your prior approval.

### Divorce Planning

Separation or divorce can have a major impact on your goals and plans. We will work with you to help you gain an understanding of your unique situation and provide you with a realistic financial picture so that you are in a better situation to communicate with your legal counsel, mediator or soon to be ex-spouse.

We can assist in the completion of cash flow and net worth projections, budget analysis, as well as help you to understand what the consequences and/or benefits are involving a settlement.

### Investment Consultation

Our investment consultation component often involves providing information on the types of investment vehicles available, employee retirement plans and/or stock options, investment analysis and strategies, asset selection and portfolio design. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

### Business Consultation

We are available to assist small businesses in a variety of ways to include business strategy, debt management, general financial advice, risk management, as well as assisting you with matters involving coordination with your financial institution, retirement plan advisor, and attorney or accounting firm.

### **Broad-Based v. Modular Planning**

A broad-based plan is an endeavor that requires detail. Certain variables can affect the development of the plan, such as the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, and special needs of the client or their dependents, among others. At your request, we may concentrate on reviewing only a specific area (modular or component planning), such as investment allocation at your employer's retirement plan, funding an education, an estate planning issue, or simply evaluating the sufficiency of your current retirement plan. Note that when these services focus only on certain areas that of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether we have created a broad-based or modular plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them per your decision, as well as offer you periodic reviews thereafter. In all instances involving our financial planning engagements, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation that we make.

### ***Portfolio Management Component***

The investment strategies and types of investments that may be recommended for your account are found in Item 6 of this brochure. Our wrap fee program services are typically provided on a *discretionary basis* (defined in Item 7), and the process normally includes:

- Determination of risk tolerance
- Investment strategy
- Investment guideline development
- Asset allocation
- Asset selection
- Regular monitoring
- Periodic rebalancing

We will prepare written guidelines that reflect your investment objectives, time horizon, tolerance for risk, as well as any reasonable constraints you may have for your account. Please note that any restriction you may place on the management of your account may have an effect on the strategy, investment vehicle selection and, potentially, investment results within your portfolio.

These guidelines will be designed to be specific enough to provide future guidance while concurrently allowing flexibility to respond to changing market conditions. You will be responsible for reviewing and providing final approval of the plan. Further, it remains your responsibility to promptly notify us if there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating or revising previous recommendations.

#### Wrap Fees Assessed

Your account will be assessed an annualized asset-based fee that will be determined by the reporting period ending value of your account (e.g., the last market day of the quarter). Our fee is based on a straight tier; all accounts are charged a single percentage rate that declines as asset levels increase. For the benefit of discounting your asset-based fee, we will attempt to aggregate accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's account. We require a minimum account size of \$250,000 for our wrap fee investment program.<sup>1</sup> These fees will be billed quarterly, in advance, per the following table. Our fees are negotiable, with the final determination to be made by the firm.

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
\$250,000-\$499,999	1.25% (125 basis points)
\$500,000-\$999,999	1.00% (100 basis points)
\$1,000,000-1,499,999	0.90% (90 basis points)
\$1,500,000-1,999,999	0.80% (80 basis points)
\$2,000,000-\$2,999,999	0.70% (70 basis points)
\$3,000,000-Above	Negotiable

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

Your first billing cycle will begin once your agreement is executed with our firm and assets have settled into your account held by the custodian of record. Advisory fees for partial quarters as well as mid-cycle additions or withdrawals of \$50,000 or more will be prorated based on the remaining days in the reporting period in which our firm services the account. Fee payments will generally be assessed within the first 10 calendar days of each billing cycle.

By signing our firm's engagement agreement, as well as the selected custodian account opening documents, you will be authorizing the withdrawal of our advisory fees from your account. The withdrawal will be accomplished by the custodian of record at the request of our firm, and the custodian will remit our fee directly to our firm. All fees deducted will be noted on account statements that you will receive directly from the custodian of record on at least a quarterly basis. Alternatively, you may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from your investment account. Our valuation assessment will remain the same as described above, and the client's direct payment must be received by our firm within 10 calendar days of our invoice.

<sup>1</sup> Clients with executed agreements dated prior to October 12, 2018, will be grandfathered under the wrap fee program in effect prior to October 12, 2018 unless otherwise communicated.



Fees may be paid by check or draft from US-based financial institutions. With your prior authorization payment may also be made through a qualified, unaffiliated PCI compliant third-party processor or via the investment account. Our firm does not accept cash, money orders or similar forms of payment for its engagements.

Please refer to Items 5, 6 and 9 of this brochure for additional information about our fees in relationship to our brokerage and operational practices, and their inherent conflicts of interest.

### ***Termination of Services***

Either party may terminate the agreement at any time, in writing. Our firm will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that we inform the custodian of record that the relationship between our firm and the client has been terminated.

Our firm will return any prepaid, unearned fees within 30 days of the Firm's receipt of termination notice. We will coordinate remuneration of prepaid fees to an investment account via the custodian of record.

### **Services Purchased Separately**

The total costs associated with the wrap fee investment program account may be more or less than purchasing brokerage and advisory services separately. The factors that bear upon the relative costs include the number of and timing of transactions, portfolio management, custody fees, regulatory compliance and administrative charges, research costs, and promotional materials. These and other factors may affect the cost of obtaining these services separately.

### **Additional Client Fees**

There are no sales loads, brokerage fees, mark-ups, mark-downs, spreads paid to market makers, or brokerage termination fees associated with our wrap fee program. Accounts may be subject to individual retirement account or qualified retirement plan fees and their respective account termination fees, as well as wire transfer fees, and those will be borne by the account holder per the custodian of record's separate fee schedule. We will ensure you receive a copy of our recommended custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to these fees by the custodian of record and/or third-party administrator for certain tax-qualified plans. Fees paid to our firm by our clients for our advisory services are separate from any internal fees involving mutual funds as outlined in their prospectus, including, but not limited to expense ratios, etc., exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments.

### **Portfolio Management Services Fees - Third-Party Investment Managers**

Each third-party investment manager program has a stated fee range that will be described to you through the use of that investment manager's disclosure documents and prior to your selection of the manager. We will inform you in advance as to whether the selected third-party investment manager(s) will allow for account aggregation for the purpose of fee discounts.

The annualized asset-based fee ranges from 0.50% to 2.00% (50 to 200 basis points) and our firm will receive a portion ranging from 0.25% to 1.50% (25 to 150 basis points) for our consultation service, which we will describe to you in your engagement agreement with our firm. Payment may be made on a monthly or quarterly basis, either in advance or arrears, depending on the selected investment manager.

## Compensation Matters

Appropriately registered associates of our firm will receive a portion of the fee for recommending and servicing the account, in addition to firm personnel serving as portfolio manager. Therefore, the person recommending the wrap fee program to you may receive compensation as a result of your participation, both as a firm representative as well as portfolio manager. The amount of this compensation may potentially be more than what would be received if you participated in other advisory programs or paid separately for investment advice, brokerage, and/or other advisory or brokerage services. You should compare costs between this program and others offered through our firm and other firms to make a final determination.

## General Information

### ***Account Custody***

Your assets will be maintained by an unaffiliated, qualified custodian. They are not held by our firm or any associate or our firm. In keeping with this policy involving our client funds or securities, Stewardship Advisors, LLC:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account;
- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

Your account custodian will provide you with your investment account transaction confirmations and account statements, which will include all debits and credits for that period. Statements are provided on at least a quarterly basis, and confirmations are provided as transactions occur within your account, unless otherwise agree upon. Our advisory firm will not create an account statement for a client nor serve as the sole recipient of a client account statement. Clients are urged to carefully review and compare their account statements that they have received directly from their custodian of record with any performance report they may receive from any source.

### ***Firm Services***

Our advisory firm does not provide legal or accounting services. With your consent, we will work with a professional of your choice to assist with the coordination and implementation of various strategies. You should be aware that these other professionals will charge you separately for their services and these fees will be in addition to our own advisory fee.

## **Item 5 - Account Requirements and Types of Clients**

### **Account Requirements**

#### ***Minimum Account Requirements***

While the wrap fee program is no longer accepting clients, when it was available, the program required a minimum of \$250,000 in investable assets.

#### ***Account Opening Process***

The wrap fee program is no longer accepting participants. Participation in the program was initiated by submitting the following completed documents to the firm, typically through an investment advisor representative of our firm:

- Wrap Fee Investment Program Agreement
- Custodian Account Application
- Investment Questionnaire, if required

Based on these completed documents, the investment advisor representative made the initial determination as to the client's suitability for the wrap fee investment program. The firm also performed an assessment of whether to establish an account for a particular client that includes ensuring the appropriate documentation, risk tolerance and asset allocation are made.

The account custodian executes and clears all purchase and sale orders directed, maintains wrap fee investment program account assets, and provides other functions such as crediting of interest and dividends on accounts, crediting of principal on called or matured securities, as well as other customary custodial functions. They serve as general administrator of accounts, which includes charging and collecting advisory fees and processing, deposits to and withdrawals from program accounts, etc. The account custodian will forward a confirmation of each purchase and sale directly to the client as well as our firm. Additionally, they will forward account statement to clients for each period in which account activity occurs, and at least quarterly regardless of account activity.

### **Types of Clients Served by the Firm**

We are available to serve individuals and high net worth individuals, as well as charitable organizations, businesses of all size, and their retirement plans. We encourage interested individuals of all economic levels and investment experience to seek our advisory services; we do not require minimum income, minimum asset levels or other similar preconditions for our general advisory services.

### **Types of Clients Served within the Wrap Fee Program**

We typically serve individual and high net worth individuals via our wrap fee program; however, we included some small businesses if their investment guidelines permitted us to do so. We reserve the right to waive or reduce certain fees based on unique circumstances, special arrangements or pre-existing relationships, and he may also decline services to a prospective client for any nondiscriminatory reason.

## **Item 6 - Selection and Review of Portfolio Managers**

### **Selection and Review of Portfolio Managers**

We will ensure due diligence is completed on any portfolio manager to include determining whether that manager is registered/notice-filed (or required to be) within the jurisdiction the client resides. At least annually thereafter our review will be performed from both a compliance and performance perspective to determine that the selected portfolio manager remains an appropriate fit. We also review each portfolio manager's performance over an extended period, as well as at least quarterly to discuss any potential concerns or recommended changes to the program's managers. The firm will also be responsible for determining if a portfolio investment manager should be replaced due to poor performance, regulatory or compliance matters, etc.

The benchmarks for account performance are based on each client's responses to firm suitability information and their stated investment guidelines. Using these responses, we are able to employ the appropriate investment strategy as well as develop a diversified portfolio using this strategy. Our firm maintains current client profiles and will recommend adjustments to portfolios when the firm believes it to be necessary.

Our Firm uses a third party to produce written performance reports which are calculated using a time-weighted methodology that are reviewed for accuracy by compliance personnel prior to delivery. The reports are intended to inform clients about their investment performance over the current period, as well as over the longer term since the account's inception; both on an absolute basis and as compared to a known benchmark. Clients are urged to carefully review and compare account statements that they have received directly from their custodian of record with any report they may receive from our firm or any other source that contains investment performance information.

### **Related Persons Serving as Portfolio Manager**

The wrap fee program portfolio manager is an associate of Stewardship Advisors, LLC. An inherent conflict of interest exists since the associate and firm both benefit from a greater percentage of the advisory fee by not outsourcing the investment management aspect of the wrap fee program to another portfolio manager. In light of this matter, the Firm will ensure it utilizes the same due diligence and selection and/or termination criteria for its own portfolio manager that it would have an external source been engaged, in addition to further scrutiny to ensure appropriate portfolio selection, fees and other compensation are within the account investment policy statement, firm procedures and regulatory guidelines.

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

Our Firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Firm fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

## Methods of Analysis, Investment Strategies and Risk of Loss

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

We employ a blend of fundamental and technical analyses. For example, fundamental analysis involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical analysis may involve studying the historical patterns and trends of securities and their markets in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. Firm research may be drawn from sources that include financial periodicals and research published by economists and other industry professionals.

### ***Investment Strategy***

We utilize a strategic asset allocation approach to investing, with a long-term view of the markets. We recommend investment models to suit various risk tolerances. We specialize in Socially Responsible Investing (SRI); recommending sustainable and responsible investments that allow people and organizations to invest their assets in potentially profitable ways while at the same time reflecting their social or environmental values. We typically recommend portfolios that contain ETFs and mutual funds.

### ***Risk of Loss***

Our firm believes our strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective or planning goal will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. We have offered examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each of them prior to investing.

### ***Active Management Risks***

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

### ***Company Risk***

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

### ***ETF and Mutual Fund Risks***

The risk of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Certain ETFs and indexed funds have the potential to be affected by “active risk” or “tracking error risk;” a deviation from a stated benchmark. While many ETFs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit.

Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. A holding’s QDI will be considered when tax-efficiency is an important aspect of the client’s portfolio. We do not recommend leveraged or inverse ETFs due to their inherent heightened risk.

#### Failure to Implement

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

#### Financial Risk

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

#### Fundamental Analysis

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

#### 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.

#### Market Risk

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

#### Passive Investing

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

#### Political Risk

The risk of financial or market loss because of political decisions or disruptions in a particular country or region may also be known as “geopolitical risk.”

#### Research Data

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

### Technical Analysis

The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

### Voting Client Securities

You may periodically receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions. Our firm does not vote proxies on your behalf, including accounts that we have discretionary authority. We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. We will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel involving specific questions you may have with respect to a particular proxy solicitation or corporate action. To request a copy of our proxy policy and procedures, contact the Firm using the contact information on the cover page of this brochure.

### **Item 7 - Client Information Provided to Portfolio Managers**

#### ***Information Provided to Portfolio Managers***

Under our wrap fee program engagement, we will gather information about your financial situation, investment objectives, and any reasonable restrictions you may want to impose on the management of the account. We will then provide this data to your portfolio manager who will invest on behalf of the account in accordance with the strategies set forth within stated investment guidelines.

#### ***Account Investment Authority***

Our wrap fee program accounts are managed on a *discretionary* basis. Via limited power of attorney, discretionary authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated investment objectives. This authority will be granted through your execution of both our engagement agreement and the selected custodian's account opening documents. Note that the custodian of record will specifically limit our firm's authority within your account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers to not manage client accounts on a *nondiscretionary basis*, but we may accommodate such requests on a case-by-case basis. Such account authority requires your ongoing prior approval involving the investment and reinvestment of account assets, portfolio rebalancing, or for our firm to give instructions to the custodian maintaining your account (i.e., wire instructions, etc.).

You will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause. Please note that in light of the requirement for your pre-approval you must make yourself available and keep our firm updated on your contact information so that instructions can be efficiently effected on your behalf.

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

#### **Item 8 - Client Contact with Portfolio Managers**

Clients are invited to attend general communications sessions offered by their portfolio manager. When desiring to communicate with a portfolio manager, we ask that clients schedule these sessions in advance so that we may effectively assist all parties and follow up as necessary.

#### **Item 9 - Additional Information**

##### **Disciplinary Information**

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

##### **Other Financial Industry Activities and Affiliations**

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

For accredited investors we may recommend the purchase of alternative investments. One Alternative Investment option is with Prestige Funds. Jerry Hostetter is the President of Prestige Investment Group, whom the fund is under the direction of. Jerry is related (brother in law) to one of the firm's Partner, Thomas Talbott, which presents a conflict of interest. Please see below for further explanation of the conflict of interest.

Stewardship Advisors, LLC and its management are not registered nor has an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm, nor is the firm required to be registered with the noted regulatory bodies. Further information with regard to all of these activities may be found in each associates' Form ADV Part 2B brochure supplement. Whether they are serving a client in one or more capacities, each associate will disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service they may provide. At no time will we require financial planning clients to use us to implement the plan through our investment management service.

Neither our firm nor its management is or has a material relationship with any of the following:

accounting firm or accountant

bank, credit union or thrift institution, or their separately identifiable departments or divisions

lawyer or law firm



pension consultant

real estate broker, dealer or advisor

sponsor or syndicator of limited partnerships

trust company

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

#### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm holds itself to a *fiduciary standard*, which means the firm and its associates will act in the utmost good faith, performing in a manner believed to be in the best interests of its clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. You should be aware that no set of rules can anticipate or relieve all material conflicts of interest. We will disclose to our clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### ***Code of Ethics***

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our firm policies include prohibitions against insider trading, the circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that it remains current, and we require firm personnel to annually attest to their understanding of and adherence to the firm’s Code of Ethics. A copy of the firm’s Code of Ethics is made available to any client or prospective client upon request.

Firm associates that are CERTIFIED FINANCIAL PLANNER™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.’s Code of Ethics & Professional Responsibility which you may find at [www.cfp.net](http://www.cfp.net).

#### ***Firm Recommendations and Conflicts of Interest***

As previously noted, there is a conflict of interest with Prestige Investment Group. The firm remains focused on ensuring that recommended securities are based upon the individual needs of the clients, not resultant on fees received for such services. You are under no obligation to act on a recommendation from our firm and, if you elect to do so, you are under no obligation to complete them through our firm or a service provider whom we may recommend.

We do not trade for our own account (e.g., proprietary trading). The firm’s related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client recommendations, etc.), firm policy may require that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis.

#### Review of Accounts

##### ***Scheduled Reviews***

We offer recommend your accounts be reviewed on a quarterly basis with your assigned investment advisor representative. Data and reviews will also be analyzed by firm supervisory personnel. We are available to periodically review reports provided to you and we will contact you at least annually to review your financial situation and objectives. We will submit information to your portfolio manager as warranted and assist you in understanding and evaluating the services provided to you under our wrap fee program. You will be able to communicate with your portfolio manager on a scheduled basis.

##### ***Interim Reviews***

You may contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, or other circumstances), or should you prefer to change requirements involving your account. We will then communicate this information to your portfolio manager and you may be able to communicate directly with the portfolio manager when it is necessary.

Additional reviews by your investment advisor representative and/or supervisory personnel may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

#### Client Referrals and Other Compensation

##### ***Economic Benefit from External Sources***

Stewardship Advisors, LLC receives economic benefit from our custodians in the form of various products and services they make available to the firm and other independent investment advisors that may not be made available to a "retail investor." There is no direct link between our firm's participation in their program and the investment advice we may provide to our clients. These benefits include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client's accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees and/or select investment managers
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by a custodian may benefit our advisory firm but do not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from a custodian benefits our firm because we do not have to produce or purchase them as long as Firm clients maintain assets in accounts at a custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than your interest in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select.

Stewardship Advisors, LLC may, in our discretion, accept the client's transfer of preexisting retail mutual funds into their account. A transfer-in-kind of retail share class mutual funds may potentially benefit the client since they are able to invest in their portfolio more quickly, mitigate tax and/or short-term trading liabilities, and/or avoid contingent deferred sales charges (CDSC). Our firm regularly reviews accounts that have transferred different share classes of mutual funds and will convert share classes to a lower expense share class when we believe doing so would be beneficial to the client. In addition, if account assets remain in a retail share class and within a CDSC period, we may exclude those assets from our advisory fee until they have been converted to what we believe is a more appropriate share class.

While our firm has access to a broad range of securities through our custodian, it is a finite number. In addition, not all investment managers, share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, least expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.

### ***Directed Brokerage***

Our internal policy and operational relationship with our custodian require client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, you may experience greater spreads or receive less favorable net prices on transactions than might otherwise be the case.

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

We do not accommodate client-directed brokerage requests via our wrap fee investment program. As a result, a client may experience receive less favorable execution and greater price spreads.

### ***Aggregating Securities Transactions***

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

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

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

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. You will be informed, in advance, should trading practices change at any point in the future.

### ***Trading Errors***

Our firm corrects our trade errors through an account maintained by TD Ameritrade Institutional, and we may be responsible for certain trading error losses that occur within a client account. Clients should be aware that trading gains in accounts maintained at TD Ameritrade Institutional are swept to a designated account and donated to a 501(c)(3) charity of TD Ameritrade Institutional's Choice, and TD Ameritrade Institutional will be obligated to disclose in their own literature to account holders whether such recipients' receipt of such donations presents a material conflict of interest.

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

Upon your request, you may be provided a referral to various professionals, such as an accountant or an attorney. While these referrals are based on the best information made available, the firm does not guarantee the quality or adequacy of the work provided by these referred professionals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm. If we receive or offer an introduction to a client involving these other professionals, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the right to accept or deny such referral or their subsequent services.

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

### ***Referral Network***

If a client is introduced to our firm by a referral system/network that is unaffiliated with our advisory firm, we may pay that network a referral fee in accordance with the requirements set forth in securities statutes that is determined by the state in which the client resides. Any such referral fee is paid by our firm and does not result in additional fees to be assessed to the prospective client. The referral network may be required to also disclose the nature of their relationship with our firm. The referral network may also be required to provide the prospective client with our firm's Form ADV Part 2A brochure as well as a disclosure document containing the terms and conditions of the referral arrangement, including any compensation that they may receive.

### **Financial Information**

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