

# Sterling Manor Financial, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Sterling Manor Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (518) 583-4040 or by email at: [info@sterlingmanorfinancial.com](mailto:info@sterlingmanorfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Sterling Manor Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Sterling Manor Financial, LLC's CRD number is: 284218.*

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

Version Date: 02/25/2021

## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Sterling Manor Financial, LLC on 02/05/2020. Material changes relate to Sterling Manor Financial, LLC policies, practices or conflicts of interests only.

## Item 3: Table of Contents

Item 1: Cover Page

|                                                                                                                 |     |
|-----------------------------------------------------------------------------------------------------------------|-----|
| Item 2: Material Changes .....                                                                                  | ii  |
| Item 3: Table of Contents .....                                                                                 | iii |
| Item 4: Advisory Business .....                                                                                 | 2   |
| A. Description of the Advisory Firm .....                                                                       | 2   |
| B. Types of Advisory Services .....                                                                             | 2   |
| C. Client Tailored Services and Client Imposed Restrictions.....                                                | 3   |
| D. Wrap Fee Programs.....                                                                                       | 3   |
| E. Assets Under Management.....                                                                                 | 3   |
| Item 5: Fees and Compensation.....                                                                              | 4   |
| A. Fee Schedule.....                                                                                            | 4   |
| B. Payment of Fees.....                                                                                         | 4   |
| C. Client Responsibility For Third Party Fees .....                                                             | 5   |
| D. Prepayment of Fees .....                                                                                     | 5   |
| E. Outside Compensation For the Sale of Securities to Clients.....                                              | 5   |
| Item 6: Performance-Based Fees and Side-By-Side Management .....                                                | 6   |
| Item 7: Types of Clients .....                                                                                  | 6   |
| Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....                                        | 6   |
| A. Methods of Analysis and Investment Strategies .....                                                          | 6   |
| B. Material Risks Involved .....                                                                                | 7   |
| C. Risks of Specific Securities Utilized.....                                                                   | 9   |
| Item 9: Disciplinary Information.....                                                                           | 10  |
| A. Criminal or Civil Actions .....                                                                              | 10  |
| B. Administrative Proceedings .....                                                                             | 10  |
| C. Self-regulatory Organization (SRO) Proceedings.....                                                          | 10  |
| Item 10: Other Financial Industry Activities and Affiliations.....                                              | 10  |
| A. Registration as a Broker/Dealer or Broker/Dealer Representative .....                                        | 11  |
| B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor ..... | 11  |

|                                                                                                                             |    |
|-----------------------------------------------------------------------------------------------------------------------------|----|
| C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....                  | 11 |
| D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....                   | 13 |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....                        | 13 |
| A. Code of Ethics .....                                                                                                     | 13 |
| B. Recommendations Involving Material Financial Interests .....                                                             | 14 |
| C. Investing Personal Money in the Same Securities as Clients .....                                                         | 14 |
| D. Trading Securities At/ Around the Same Time as Clients' Securities .....                                                 | 14 |
| Item 12: Brokerage Practices .....                                                                                          | 14 |
| A. Factors Used to Select Custodians and/or Broker/Dealers .....                                                            | 14 |
| 1. Research and Other Soft-Dollar Benefits .....                                                                            | 15 |
| 2. Brokerage for Client Referrals .....                                                                                     | 16 |
| 3. Clients Directing Which Broker/Dealer/Custodian to Use .....                                                             | 16 |
| B. Aggregating (Block) Trading for Multiple Client Accounts .....                                                           | 16 |
| Item 13: Review of Accounts .....                                                                                           | 17 |
| A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....                                               | 17 |
| B. Factors That Will Trigger a Non-Periodic Review of Client Accounts .....                                                 | 17 |
| C. Content and Frequency of Regular Reports Provided to Clients .....                                                       | 17 |
| Item 14: Client Referrals and Other Compensation .....                                                                      | 17 |
| A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) ..... | 17 |
| B. Compensation to Non – Advisory Personnel for Client Referrals .....                                                      | 17 |
| Item 15: Custody .....                                                                                                      | 18 |
| Item 16: Investment Discretion .....                                                                                        | 18 |
| Item 17: Voting Client Securities (Proxy Voting) .....                                                                      | 18 |
| Item 18: Financial Information .....                                                                                        | 18 |
| A. Balance Sheet .....                                                                                                      | 18 |
| B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....                | 19 |
| C. Bankruptcy Petitions in Previous Ten Years .....                                                                         | 19 |

## **Item 4: Advisory Business**

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

Sterling Manor Financial, LLC (hereinafter "SMF") is a Limited Liability Company. The firm was formed in April 2006, and the principal owners are Stephen Matthew Kyne, Stephen Arthur Jenkins, and Adam Fletcher Doig.

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

#### ***Wrap Fee Portfolio Management Services***

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

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

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

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

## ***Financial Planning***

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

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

SMF generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors) or treasury inflation protected/inflation linked bonds. SMF may use other securities as well to help diversify a portfolio when applicable.

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

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

## **D. Wrap Fee Programs**

SMF sponsors a wrap fee program, which is an investment programs wherein the investor pays one stated fee that includes management fees, transaction costs, and other administrative fees. SMF manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. The fees paid to the wrap account program will be given to SMF as a management fee.

## **E. Assets Under Management**

SMF has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 131,207,000.00      | \$ 10,400,000.00           | December 2020    |

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Wrap Fee Program Portfolio Management Fees*

| Total Assets Under Management | Annual Fees |
|-------------------------------|-------------|
| All Assets                    | Up to 2.00% |

SMF uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

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

#### *Financial Planning Fees*

**Fixed Fees:** The fixed rate for creating client financial plans is between \$250 and \$2,000.

**Hourly Fees:** The hourly fee for these services is between \$75 and \$250.

Clients may terminate the financial planning agreement without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the financial planning agreement upon written notice.

### B. Payment of Fees

#### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance.

#### *Payment of Financial Planning Fees*

Fixed and hourly financial planning fees are paid via check, in arrears upon completion.

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

Portfolio management accounts participating in the wrap fee program will not have to pay for trading fees. SMF will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, additional custodian fees, transfer taxes, wire transfer and electronic fund fees, account transfer/closure fees, and other fees and taxes on brokerage accounts and securities transactions. Clients utilizing SMF's wrap fee portfolio management should review the separate Wrap Fee Program Brochure.

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

In the event of cancellation mid-quarter, SMF will provide pro-rata refund of the fees paid in advance, less any liquidation expenses. The client will also have immediate access to the assets in his or her account, subject to any limitations or restrictions imposed by the custodian. For asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance for that quarter minus the daily rate\* times the number of days elapsed in the quarter up to and including the effective date of transfer or distribution. (\*The daily rate is calculated by dividing the quarterly rate by the number of calendar days in the quarter.)

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

Stephen Matthew Kyne, Stephen Arthur Jenkins, Adam Fletcher Doig, and James William Flanagan are registered representatives of a broker-dealer. Stephen Matthew Kyne, Stephen Arthur Jenkins, Adam Fletcher Doig, and James William Flanagan are also insurance agents. In these roles, they accept compensation for the sale of securities and other products to SMF clients.

#### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to SMF's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, SMF will document the conflict of interest in the client file and inform the client of the conflict of interest.



## ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase SMF recommended products through other brokers or agents that are not affiliated with SMF.

## ***3. Commissions are not SMF's primary source of compensation for advisory services***

Commissions are not SMF's primary source of compensation for advisory services.

## ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

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

# **Item 7: Types of Clients**

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

There is no account minimum for any of SMF's services.

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

## **A. Methods of Analysis and Investment Strategies**

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

SMF's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis or Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. SMF uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

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

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

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

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### ***Investment Strategies***

SMF uses long term trading, short term trading or covered options trading (including covered options).

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

## **B. Material Risks Involved**

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

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

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

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

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

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

SMF's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

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

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

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

### **C. Risks of Specific Securities Utilized**

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

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

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

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

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

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on

investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

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

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

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

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

As registered representatives of Cadaret, Grant & Co., Inc., Stephen Matthew Kyne, Stephen Arthur Jenkins, Adam Fletcher Doig, and James William Flanagan accept compensation for the sale of securities.

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

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

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

Stephen Matthew Kyne is a registered representative of Cadaret, Grant & Co., Inc., an independent licensed insurance agent, a director at Saratoga Rotary Education Foundation, and a director at Saratoga Springs Preservation Foundation. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SMF always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SMF in such individual's capacity as a registered representative.

Stephen Matthew Kyne is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Sterling Manor Financial, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Sterling Manor Financial, LLC in their capacity as a licensed insurance agent.

Stephen Matthew Kyne is an Actor at Hudson Valley Casting.

Stephen Matthew Kyne is a director at Saratoga Rotary Education Foundation.

Stephen Arthur Jenkins is a registered representative of Cadaret, Grant & Co., Inc. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a

registered investment adviser. SMF always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SMF in such individual's capacity as a registered representative.

Stephen Arthur Jenkins is an investment adviser representative with another investment advisory firm, Cadaret, Grant & Co., Inc., and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. SMF always acts in the best interest of the client and clients are in no way required to use the services of any representative of SMF in connection with such individual's activities outside of SMF.

Stephen Arthur Jenkins is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SMF always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SMF in connection with such individual's activities outside of SMF.

Stephen Arthur Jenkins is a real estate broker at First Integrity Real Estate Services. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Sterling Manor Financial, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Sterling Manor Financial, LLC in their capacity as a real estate dealer or broker.

Stephen Arthur Jenkins is Rhinebeck School board trustee Chair Board of Assessment Review, Rhinebeck Minority owner Circus Caf  , LLC Treasurer Rhinebeck Democratic Committee. He's also the Rhinebeck Treasurer for Rhinebeck Varsity Swim Booster Club.

Adam Fletcher Doig is a registered representative of Cadaret, Grant & Co., Inc. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SMF always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SMF in such individual's capacity as a registered representative.

Adam Fletcher Doig is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment

adviser. SMF always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SMF in connection with such individual's activities outside of SMF.

Adam Fletcher Doig is a real estate broker at First Integrity Real Estate Services. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Sterling Manor Financial, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Sterling Manor Financial, LLC in their capacity as a real estate dealer or broker.

James William Flanagan is a registered representative of Cadaret, Grant & Co., Inc. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SMF always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SMF in such individual's capacity as a registered representative.

James William Flanagan is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SMF always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SMF in connection with such individual's activities outside of SMF.

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

SMF does not direct clients to third-party investment advisers.

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

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



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

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

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

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

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

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

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

## **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on SMF's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SMF may also

consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SMF's research efforts. SMF will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SMF recommends TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC or Cadaret, Grant & Co., Inc.

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

While SMF has no formal soft dollars program in which soft dollars are used to pay for third party services, SMF may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SMF may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and SMF does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SMF benefits by not having to produce or pay for the research, products or services, and SMF will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SMF's acceptance of soft dollar benefits may result in higher commissions charged to the client.

SMF participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. SMF receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, SMF participates in TD Ameritrade's institutional advisor program and SMF may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between SMF's participation in the Program and the investment advice it gives to its clients, although SMF receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include 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 SMF participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have SMF's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to SMF

by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by SMF's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit SMF but may not benefit its client accounts. These products or services may assist SMF in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SMF manage and further develop its business enterprise. The benefits received by SMF or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, SMF endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SMF or its related persons in and of itself creates a conflict of interest and may indirectly influence the SMF's choice of TD Ameritrade for custody and brokerage services.

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

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

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

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

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

If SMF buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, SMF would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. SMF would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

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

All client accounts for SMF's advisory services provided on an ongoing basis are reviewed at least quarterly by Stephen Kyne, Partner, with regard to clients' respective investment policies and risk tolerance levels. All accounts at SMF are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Stephen Kyne, Partner. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

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

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

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

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

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

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

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

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

SMF may receive compensation from the selected third party advisers via a fee split. SMF will also receive soft dollar benefits discussed in Item 12 above, though there is no direct link between SMF's participation in the TD Ameritrade Program and the investment advice it gives to its clients.

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

SMF may enter into written arrangements with third parties to act as solicitors for SMF's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. SMF will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions.

### **Item 15: Custody**

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

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

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

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

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

### **Item 18: Financial Information**

#### **A. Balance Sheet**

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

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

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

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

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