

# Smallwood Wealth Investment Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Smallwood Wealth Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (732) 542-1565 or by email at: [johnl@smallwoodwealth.com](mailto:johnl@smallwoodwealth.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 Smallwood Wealth Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Smallwood Wealth Investment Management, LLC's CRD number is: 288663.*

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

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## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of Smallwood Wealth Investment Management, LLC on 03/06/2020 are described below. Material changes relate to Smallwood Wealth Investment Management, LLC's policies, practices or conflicts of interests.

## 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.....	5
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 .....	7
A. Methods of Analysis and Investment Strategies.....	7
B. Material Risks Involved .....	7
C. Risks of Specific Securities Utilized.....	8
Item 9: Disciplinary Information .....	9
A. Criminal or Civil Actions.....	9
B. Administrative Proceedings.....	9
C. Self-regulatory Organization (SRO) Proceedings .....	9
Item 10: Other Financial Industry Activities and Affiliations.....	10
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	10
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	10
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	10
D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
A. Code of Ethics .....	12
B. Recommendations Involving Material Financial Interests .....	12
C. Investing Personal Money in the Same Securities as Clients.....	12
D. Trading Securities At/ Around the Same Time as Clients' Securities .....	12
Item 12: Brokerage Practices .....	13

A.	Factors Used to Select Custodians and/or Broker/Dealers .....	13
1.	Research and Other Soft-Dollar Benefits .....	13
2.	Brokerage for Client Referrals.....	14
3.	Clients Directing Which Broker/Dealer/Custodian to Use.....	14
B.	Aggregating (Block) Trading for Multiple Client Accounts.....	14
Item 13:	Review of Accounts.....	14
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	14
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	14
C.	Content and Frequency of Regular Reports Provided to Clients.....	14
Item 14:	Client Referrals and Other Compensation .....	15
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	15
B.	Compensation to Non – Advisory Personnel for Client Referrals.....	15
Item 15:	Custody .....	15
Item 16:	Investment Discretion.....	15
Item 17:	Voting Client Securities (Proxy Voting).....	16
Item 18:	Financial Information.....	16
A.	Balance Sheet.....	16
B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	16
C.	Bankruptcy Petitions in Previous Ten Years .....	16

## **Item 4: Advisory Business**

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

Smallwood Wealth Investment Management, LLC (hereinafter "SWIM") is a Limited Liability Corporation organized in the State of New Jersey. The firm was formed in May 2017, and the principal owner is John Lewis Smallwood.

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

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

SWIM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SWIM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). 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

SWIM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SWIM 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.

SWIM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of SWIM's economic, investment or other financial interests. To meet its fiduciary obligations, SWIM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, SWIM'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 SWIM'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***

SWIM 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), treasury inflation protected/inflation linked bonds and non-U.S. securities. SWIM may use other securities as well to help diversify a portfolio when applicable.

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

SWIM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). 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 SWIM from properly servicing the client account, or if the restrictions would require SWIM to deviate from its standard suite of services, SWIM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

SWIM participates in wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. SWIM manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. Fees paid under the wrap fee program will be given to SWIM as a management fee.

### **E. Assets Under Management**

SWIM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$191,262,647	\$2,647,758	December 2020

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fee
\$0 - \$750000	1.55%
\$750001 - \$2000000	1.35%
\$2000001 - \$5000000	1.05%
\$5000001 - \$10000000	0.85%
\$10000001 - \$30000000	0.60%
\$30000001 - and up	0.50%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

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 SWIM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

#### *Financial Planning Fees*

##### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$500 and \$25,000.

##### **Hourly Fees**

The negotiated hourly fee for these services is between \$150 and \$475.

Clients may terminate the agreement without penalty, for full refund of SWIM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally 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. Fees are paid in advance.

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

Financial planning fees are paid via check.

Fixed financial planning fees are paid in advance, but never more than six months in advance.

Hourly financial planning fees are paid in advance, but never more than six months in advance.

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

SWIM will wrap third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). SWIM will charge clients one fee, and pay all transaction fees using the fee collected from the client.

## **D. Prepayment of Fees**

SWIM collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

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

John Lewis Smallwood and Edward E. Bao, Jr. are registered representatives of a broker-dealer. John Lewis Smallwood and Edward E. Bao, Jr. are also insurance agents. In these roles, they accept compensation for the sale of investment products to SWIM clients.



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

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to SWIM'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 investment products for which the supervised persons receives compensation, SWIM 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 SWIM recommended products through other brokers or agents that are not affiliated with SWIM.

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

Commissions are not SWIM'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 investment products recommended to clients.

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

SWIM 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**

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals

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

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SWIM's methods of analysis include Modern portfolio theory.

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

#### *Investment Strategies*

SWIM uses long term trading.

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

### B. Material Risks Involved

#### *Methods of Analysis*

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

#### *Investment Strategies*

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

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

### C. Risks of Specific Securities Utilized

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

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

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

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

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

**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.

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

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

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

Allegations claimant allege it was an unaccredited investor and therefore, unsuitable for the 1031 program in question. Damage amount requested \$1,411,403.78 settlement amount \$90,000.00 broker comment this matter involved a complex strategy related to investments in tenant in common properties. The investment product and the investment strategy were entirely suitable, particularly in light of the subsequent unique and unforeseen circumstances beyond the registered representative's control, such as the customer's choice to change its corporate business structure and the death of the founder. The strategy resulted in significant tax savings and return on investment that would not have been realized had the strategy not been implemented. In fact the family retained more than \$1 million that they otherwise would have parted with. Nonetheless, the matter was settled at mediation because it was less costly than proceeding to a full adjudication on the merits of the case. 9/13/2012 customer dispute settled allegations client alleges unsuitability of recommendations, breach of fiduciary duty and negligence damage amount requested \$400,000.00 settlement amount \$97,500.00 broker comment i did not contribute to the settlement. This suit was settled in lieu of the cost and nuisance of a continued defense. The matter was entirely meritless. In fact, prior to the client's second divorce, I worked extensively with her attorney to secure an additional \$2,000,000 in

divorce proceeds and created a financial plan that (had it been adhered to) would have provided sustainable monthly income. Despite this, the client chose to live well beyond her means, continually failing to heed my advice to ratchet back her spending and lifestyle. Rather than accept the responsibility for her choices, she chose to augment her income by filing suits against the many professionals that laid the groundwork for what should have been her financial security.

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

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

As a registered representative of Purshe Kaplan Sterling, John Lewis Smallwood accepts compensation for the sale of securities.

As a registered representative of Purshe Kaplan Sterling, Edward E. Bao, Jr. accepts compensation for the sale of securities.

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

Neither SWIM 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**

John Lewis Smallwood Sr. is a registered representative. 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. Smallwood Wealth Investment Management, 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 utilize the services any representative of Smallwood Wealth Investment Management, LLC in such individual's outside capacity.

John Lewis Smallwood Sr. is an investment adviser representative with another firm. From time to time, he will offer clients advice or products from this activity. Smallwood Wealth Investment Management, LLC always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Smallwood Wealth Investment Management, LLC in such individual's outside capacity.

John Lewis Smallwood Sr. is Co-owner of Smallwood Associates, LTD. a financial services firm engage in providing financial advice, implementing life insurance, disability insurance, Long term Care Insurance. He 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. Smallwood Wealth Investment Management, 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 Smallwood Wealth Investment Management, LLC in their capacity as a licensed insurance agent.

John Lewis Smallwood Sr. is Sole Owner of My Wealth Curve, LLC and software development company engaged in designing educational material for wealth management. The software is only offered to other investment advisers of whom are not clients of Smallwood Wealth Investment Management, LLC.

Edward E. Bao, Jr. is a registered representative of Purshe Kaplan Sterling 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. SWIM 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 SWIM in such individual's capacity as a registered representative.

Edward E. Bao, Jr. 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. SWIM 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 SWIM about such individual's activities outside of SWIM.

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

SWIM does not utilize nor select third-party investment advisers. All assets are managed by SWIM management.

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

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

SWIM 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. SWIM's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of SWIM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SWIM 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. SWIM 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 SWIM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SWIM 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, SWIM will never engage in trading that operates to the client's disadvantage if representatives of SWIM 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 SWIM'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 SWIM 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 SWIM's research efforts. SWIM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SWIM will require clients to use Pershing Advisor Solutions LLC and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

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

While SWIM has no formal soft dollars program in which soft dollars are used to pay for third party services, SWIM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SWIM 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 SWIM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SWIM benefits by not having to produce or pay for the research, products or services, and SWIM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SWIM's acceptance of soft dollar benefits may result in higher commissions charged to the client.



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

SWIM 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***

SWIM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

SWIM does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

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

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

All client accounts for SWIM's advisory services provided on an ongoing basis are reviewed at least Quarterly by John L Smallwood, President, with regard to clients' respective investment policies and risk tolerance levels. All accounts at SWIM are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by John L Smallwood, President. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **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, SWIM's services will generally conclude upon delivery of the financial plan.

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

Each client of SWIM'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. SWIM will also provide at least quarterly a separate written statement to the client.

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)**

SWIM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SWIM clients.

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

SWIM may enter into written arrangements with third parties to act as solicitors for SWIM's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. SWIM will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SWIM 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**

SWIM provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, SWIM 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.

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

SWIM 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**

SWIM 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 SWIM nor its management has any financial condition that is likely to reasonably impair SWIM's ability to meet contractual commitments to clients.

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

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