

# SAX Wealth Advisors, LLC

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March 26, 2021

This Brochure provides information about the qualifications and business practices of SAX Wealth Advisors, LLC (“SAXWA”). If you have any questions about the contents of this Brochure, please contact us at (973) 859-2199. 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.

SAXWA is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SAXWA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for SAXWA is 119193.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes.

We do not have material changes for our current Brochure, however, please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 26, 2021.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Kyle Stawicki, Chief Compliance Officer at (973) 859-2199.

Additional information about SAXWA is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with SAXWA who are registered, or are required to be registered, as investment adviser representatives of SAXWA.

(Brochure Date: 03/26/2021)

(Date of Most Recent Annual Updating Amendment: 03/26/2021)

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## **Item 4 – Advisory Business**

SAXWA is wholly owned by an affiliated accounting firm, SAX LLP. SAXWA has been providing advisory services since 1999.

As of December 31, 2020, SAXWA managed \$1,048,331,966 on a discretionary basis, \$44,910,020 on a non-discretionary basis and advised on an additional \$185,066,030 of self-directed retirement account assets.

### **Investment Management Services**

SAXWA manages investment portfolios and offers wealth management services for a wide range of clients including individuals/high net worth individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses. SAXWA will work with clients to determine the client's investment specific objectives and investor risk profile. These objectives may be set forth in a written Investment Policy Statement (IPS) that describes an asset allocation that conforms to the client's risk tolerance level and expected rate of return requirements. SAXWA may evaluate the client's existing investments with respect to the client's investment policy and individual performance.

SAXWA will typically,

- a. Analyze the client's financial condition;
- b. Recommend options to achieve the client's financial objectives;
- c. Implement investment strategies; and
- d. Monitor performance of the client's investment.

For certain clients, in addition to managing the client's investment portfolio, SAXWA may provide various wealth management services including retirement planning, income and estate tax planning, business sale structures, charitable gift planning, college planning, risk management counsel, establishment of and counsel on retirement plans, and assistance with assets outside SAXWA direct management, among other things.

SAXWA may work with new clients to develop a transition plan in order to move from the client's existing asset allocation to the asset allocation recommended by SAXWA. SAXWA uses investment and portfolio allocation software to evaluate alternative portfolio designs. SAXWA evaluates the client's existing investments with respect to the client's investment objective and tax consequences, among other considerations. SAXWA will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

SAXWA will typically create a portfolio of no-load mutual funds or ETFs, and may use model portfolios if the models match the client's investment policy. SAXWA will allocate the client's assets among various

investments taking into consideration the client's unique ability, need and willingness to take risk.

SAXWA primarily recommends portfolios consisting of passively managed asset class and index mutual funds or Exchange Traded Funds (ETFs) and, where appropriate, individual fixed income securities. Consequently, the fund expenses are generally lower than fees and expenses charged by other types of funds. SAXWA primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA) as well as other similar mutual funds and exchange traded funds. DFA sponsored mutual funds follow an evidence-based investment philosophy with low holdings turnover.

Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified by the client.

SAXWA manages mutual fund and equity portfolios on a discretionary and in more limited circumstances, on a non-discretionary basis according to the investment policy selected by the client.

A client may impose any reasonable restrictions on SAXWA's discretionary authority, including restrictions on the types of securities in which SAXWA may invest client's assets and on specific securities, which the client may believe to be appropriate.

Pursuant to its discretionary authority, SAXWA will retain a fixed income securities manager to buy individual bonds. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's objectives. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain SAXWA's consent prior to the sale of any client securities.

For clients with a fixed income allocation, SAXWA generally recommends customized, ladder bond portfolios to clients. In such situations, SAXWA will typically request discretionary authority from clients to manage their fixed income assets. Discretionary authority may be necessary to enable SAXWA to purchase such assets in a timely manner when they are available at quoted prices. Complete customized, ladder fixed income portfolios generally require a minimum level of assets allocated to fixed income. Low-cost, passively managed fixed income mutual funds may be used for smaller allocated amounts.

SAXWA regularly monitors credit ratings of client account holdings as reported by Moody's, Standard and Poor and/or Fitch. SAXWA may, at its discretion maintain or sell securities based on transaction costs and other investment considerations. It is the firm's policy to hold most, but not all, fixed income assets in client portfolios until maturation absent a material change in credit quality or other investment decisions such as tax-loss harvesting opportunities.

Additionally, for clients holding certificate of deposits (CDs), SAXWA has regular credit surveillance of the banking institution holding the deposit as well as regularly monitors the total CD positions to ensure principal invested in CDs does not exceed FDIC insurance limits. For accounts linked by the same tax-

payer identification number, SAXWA examines CD positions within accounts under SAXWA management to look for breaches of FDIC insurance limits on principal invested in CDs. The firm does not monitor for CD positions held away from SAXWA. If clients hold CD positions elsewhere, it is their duty to inform SAXWA.

On an ongoing basis, SAXWA will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. SAXWA will provide to third-party investment managers any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

### **Employee Benefit Plan Services**

SAXWA also provides advisory services to participant-directed employee retirement benefit plans. SAXWA will analyze the plan's current investment platform, and assist the plan in creating an investment policy defining the types of investments to be offered and the restrictions that may be imposed. SAXWA will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

SAXWA will recommend changes in the plan's investment vehicles as may be appropriate from time to time. SAXWA generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, SAXWA also works in coordination and support with Buckingham Strategic Partners, LLC ("Buckingham"). Retirement plan clients will engage both SAXWA and Buckingham. Buckingham will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

SAXWA will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

### **Comprehensive Financial Planning Services**

SAXWA also provides advice in the form of Comprehensive Financial Planning. Clients purchasing this service may receive a written financial report, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Professional: Cash flow expectations, debt structure, transition planning and office space lease vs.

buy decisions

- Education: Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- Tax & Cash Flow: Income tax, spending analysis and planning for past, current and future years.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of clients' investments and their effect on a client's portfolio.
- Divorce Planning: Address financial issues and decisions that face couples in the process of divorce.

SAXWA gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is typically prepared. Should a client choose to implement the recommendations in the plan, SAXWA suggests the client work closely with his/her attorney, accountant or insurance agent. SAXWA does not provide any legal or accounting advice. Clients should seek the counsel of a qualified accountant and/or attorney when necessary. Implementation of financial plan recommendations is entirely at the client's discretion.

### **Specialized Consulting Services**

SAXWA can provide an analysis of outside investment managers. Clients purchasing this service will receive a written report. The report may include, among other items, Client asset allocation, diversification, duplication of services, synergy of managers, analysis of fixed income holdings, fees where publicly available, notification of investments with limited transparency and compromised liquidity, and relevance to Client's financial goals and objectives.

### **Use of Independent Managers**

A portion of the client's assets may be placed with unaffiliated, registered investment advisors (herein Independent Managers). The determination to retain an Independent Manager to advise on a portion of the client's assets is based on the investment strategies determined and risk tolerance preferred. SAXWA's investment recommendations are based on long-term investment strategies. Clients may be requested by the Independent Managers to sign a separate agreement when investing with that entity.

SAXWA will continuously monitor all Independent Managers on behalf of the client, review the performance of each Independent Manager against appropriate benchmarks, and review the investment style of the Independent Manager against the client's investment parameters to ensure the Independent Manager continues to meet the client's investment goals.

## Item 5 – Fees and Compensation

In certain circumstances, all fees and account minimums may be negotiable.

SAXWA has contracted with Buckingham, for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. SAXWA has also contracted with Buckingham for sub-advisory services with respect to clients' fixed income accounts. SAXWA pays a fee for Buckingham's services based on management fees paid to SAXWA on accounts that use Buckingham. The fee paid by SAXWA to Buckingham consists of a portion of the fee paid by clients to SAXWA and varies based on the total client assets administered through Buckingham. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by SAXWA is established in a client's written agreement with SAXWA. Investment Management and Employee Benefit Plan clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value based on independent third-party sources or fair market value in the absence of market value; client account balances on which SAXWA calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted.

For Investment Management and Employee Benefit Plan Services, SAXWA will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to SAXWA or its designated service provider, Buckingham, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third-party administrators will calculate and debit SAXWA's fee and remit such fee to SAXWA.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 14 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

SAXWA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to SAXWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to SAXWA's fee, and SAXWA shall not receive any portion of these commissions, fees, and costs.



## **Advisory Fees**

### **Investment Management Services**

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets under management</b>	<b>Annual Fee (%)</b>
On the first \$500,000	1.25%
On the next \$500,000	1.00%
On the next \$1,000,000	0.80%
On the next \$1,000,000	0.65%
On the next \$2,000,000	0.45%
On all amounts thereafter	0.35%

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts. In certain other cases, the fee schedule may be negotiated.

SAXWA imposes a minimum fee of \$5,000. The minimum fee may be negotiable under certain circumstances. Certain pre-existing investment management services clients may be on a different fee schedule.

### **Employee Benefit Plan Services**

The annual fee for plan services will be charged as a percentage of assets within the plan.

<b>Assets Under Management</b>	<b>Buckingham's Annual Fee</b>	<b>SAXWA's Annual Fee</b>	<b>Total Fee</b>
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.08%	0.25%	0.33%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%

Certain pre-existing employee benefit plan services clients may be on a different fee schedule.

### **Not-For-Profit Fee Schedule**

<b>Assets under management</b>	<b>Annual Fee (%)</b>	<b>Blended Fee (%)</b>
First \$1 million	0.65%	.65%
Next \$1 million up to \$2 million	0.60%	.625%

Next \$3 million up to \$5 million	0.40%	.490%
Next \$5 million and up	0.30%	.395% (\$10 million)

## **Comprehensive Financial Planning Services**

Financial Planning fees will be charged in one of two ways:

1. Financial planning fees will be charged as a fixed fee generally ranging from \$2,500 to \$10,000, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client.
2. Under very limited circumstances Financial Planning fees will be charged on an hourly basis at a rate of \$300.00 per hour and upon mutual agreement with the client. Fees will be assessed upon completion of the work.

## **Specialized Consulting Services**

Fees for this service will be charged as a fixed fee generally ranging from \$30,000 to \$100,000 depending on the nature and complexity of each Client's circumstances and upon mutual agreement with the Client. Fees will be assessed quarterly and clients will receive an invoice from SAXWA.

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

SAXWA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

SAXWA provides services to families, individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

SAXWA generally requires a minimum annual fee of \$5,000 and a minimum account size of \$500,000 for individual fixed income portfolio management services. SAXWA retains the discretion to reduce or waive these minimums based upon individual client circumstances (e.g., the nature of current investments, future contributions by client to the account, etc.).

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis and Investment Strategy

SAXWA's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. SAXWA's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. SAXWA recommends globally-diversified portfolios, principally through the use of passively managed, asset class mutual funds. SAXWA selects or recommends portfolios of securities, principally broadly-traded open end mutual funds or fixed income securities to implement this investment strategy.

Although all investments involve risk, SAXWA's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in fixed income securities to represent the fixed income class. SAXWA's investment philosophy is designed for investors who desire a buy and hold strategy.

In the implementation of investment plans, SAXWA therefore primarily uses mutual funds, and, as appropriate, portfolios of fixed income securities. SAXWA may also utilize Exchange Traded Funds (ETFs) to represent an asset class.

Clients may hold or retain other types of assets as well, and SAXWA may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client. SAXWA may recommend public real estate investment trusts (REITs) and commodities index funds for certain clients who desire to include real estate or commodities in the asset allocation strategy.

SAXWA will also evaluate insurance products such as annuities and various types of life insurance products.

SAXWA's strategies do not recommend frequent trading, which can increase brokerage and other costs and taxes.

SAXWA receives supporting research from Buckingham and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). SAXWA typically utilizes DFA, Vanguard, Vericimetry, Bridgeway and AQR mutual funds as well as other similar mutual funds and exchange traded funds in client portfolios.

Typically, mutual funds and exchange traded funds utilized by SAXWA follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to SAXWA.

### Analysis of a Client's Financial Situation

In the development of investment plans and wealth management planning for clients, including the recommendation of an appropriate asset allocation, SAXWA relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, SAXWA may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### Risk of Loss

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by SAXWA may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate, municipal and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in SAXWA's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds and bonds that are not investment-grade.

Certain funds utilized by SAXWA may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SAXWA or the integrity of SAXWA's management. SAXWA has no information applicable to this Item.

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

### *Affiliated Accounting Firm*

SAXWA is wholly owned by the accounting and management consulting firm of SAX LLP (f/k/a SAXBST). SAXWA may recommend SAX LLP to advisory clients in need of accounting, management consulting and SAX LLP may recommend SAXWA clients in need of advisory services. Services provided by SAX LLP are separate and distinct from the advisory services of SAXWA. No SAXWA client is obligated to use SAX LLP for any services. SAX LLP will continue to provide advisory services incidental to its accounting practice, which includes the preparation of estate plans for clients.

### *Buckingham Strategic Partners, LLC*

As described above, SAXWA may exercise discretionary authority provided by a client to select an independent third-party investment manager for the management of portfolios of individual fixed income securities. SAXWA selects Buckingham for such fixed income management. SAXWA also contracts with Buckingham for back-office services and assistance with portfolio modeling. SAXWA has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that Buckingham effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services.

The management of SAXWA continuously makes this assessment. While SAXWA has a contract with Buckingham governing a time period for back-office services, SAXWA has no such fixed commitment to the selection of Buckingham for fixed income management services and may select another investment manager for clients upon reasonable notice to Buckingham.

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

SAXWA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. SAXWA's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SAXWA's practice of supervising the personal securities transactions of employees with access to client

information. Individuals associated with SAXWA may buy or sell securities for their personal accounts identical or different than those recommended to clients.

It is the expressed policy of SAXWA that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, SAXWA requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. SAXWA also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

SAXWA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. SAXWA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

SAXWA will provide a complete copy of its Code of Ethics to any client or prospective upon request. It is SAXWA's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. SAXWA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

SAXWA arranges for the execution of securities transactions with the assistance of Buckingham. Through Buckingham, SAXWA may participate in the Schwab Advisor Services (SAS) program offered to independent investment advisers by Charles Schwab & Company, Inc., the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC ("Fidelity") and the TD Ameritrade Institutional program ("TD Ameritrade"). TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. Schwab, Fidelity TD Ameritrade are unaffiliated SEC-registered broker dealers and FINRA member broker dealers. Each offer to independent advisors services which include custody of securities, trade execution, clearance and settlement transactions.

Additionally through Buckingham, SAXWA has access to mutual funds and interval funds created and managed by Stone Ridge Securities LLC ("Stone Ridge") at reduced firm-wide minimums, for client investment. Stone Ridge is an independent broker-dealer registered with the Securities and Exchange Commission and a member of FINRA.

As part of this relationship, SAXWA also has access to other resources and services offered by Stone Ridge, including research and a cash management aggregator: Flourish Cash. Flourish Cash allows clients to open and maintain their own brokerage accounts with Stone Ridge, with the applicable disclosures provided separately prior to opening. Stone Ridge's account minimums create an incentive for SAXWA to recommend Stone Ridge funds.

The Schwab, Fidelity and TD Ameritrade brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. SAXWA regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to SAXWA's service arrangements and capabilities, and SAXWA may not accept clients who direct the use of other brokers. As part of these programs, SAXWA receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As SAXWA will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct SAXWA as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that SAXWA will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

SAXWA will not exercise authority to arrange client transactions in fixed income securities of individual bonds. Clients will provide this authority to a fixed income manager retained by SAXWA on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

Schwab, Fidelity and TD Ameritrade do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker.

While SAXWA will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

SAXWA does not have any arrangements to compensate any broker dealer for client referrals.

SAXWA does not maintain any client trade error gains. SAXWA makes client whole with respect to any trade error losses incurred by client caused by SAXWA. For clients utilizing TD Ameritrade for brokerage

services, TD Ameritrade maintains a policy that any trade error gains will be donated by TD Ameritrade to charity.

SAXWA generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which SAXWA arranges transactions.

Buckingham, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case a SAXWA client's orders may be aggregated with an order for another client of Buckingham who is not an SAXWA client. See Buckingham's Form ADV Part 2.

### **Employee Benefit Plan Services**

SAXWA does not arrange for the execution of securities transactions for plans as a part of this service. Transactions are executed directly through employee plan participation.

### **Financial Planning Services**

SAXWA's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations.

## **Item 13 – Review of Accounts**

### **Reviews:**

#### *Investment Management Services*

Account assets are supervised continuously and reviewed periodically at the discretion of an investment professional of SAXWA. The review may include some of the following elements, among others:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and



- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third-party investment manager as described above in Item 4.

#### Employee Benefit Retirement Plan Services

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

#### Financial Planning Services

Financial planning accounts will be reviewed as agreed to at the inception of the advisory relationship.

#### Specialized Consulting Services

Consulting accounts will be reviewed as agreed to at the inception of the advisory relationship.

### **Reports:**

#### Investment Management Services

Clients will receive quarterly performance reports, prepared by Buckingham and reviewed by SAXWA, that summarize the client's account and asset allocation. Clients will also receive at least quarterly statements from their account custodian, which will outline the client's current positions and current market value.

#### Employee Benefit Retirement Plan Services

Plan sponsors are provided with quarterly information and annual performance reviews from SAXWA. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

#### Financial Planning Services

Financial planning clients will receive reports as agreed to at the inception of the advisory relationship.

#### Specialized Consulting Services

Consulting clients will receive reports as contracted for at the inception of the advisory relationship.

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

#### Other Compensation

As indicated under the disclosure for Item 12, Schwab, Fidelity and TD Ameritrade each respectively provide SAXWA with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit SAXWA but may not benefit its clients' accounts. Many of the products and services assist SAXWA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SAXWA's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SAXWA's accounts. Recommended brokers also make available to SAXWA other services intended to help SAXWA manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. SAXWA does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, SAXWA endeavors to act in its clients' best interests, SAXWA's requirement that clients maintain their assets in accounts at Schwab, Fidelity or TD Ameritrade may be based in part on the benefit to SAXWA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

SAXWA also receives software from DFA, which SAXWA utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for SAXWA personnel. These services are designed to assist SAXWA plan and design its services for business growth.

### *Client Referrals*

SAXWA may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for Client referrals. SAXWA is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by SAXWA and all applicable Federal and/or State laws will be observed.

## **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SAXWA urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16 – Investment Discretion

SAXWA requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third-party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing. SAXWA does manage a small number of non-discretionary accounts where clients must give authorization prior to the execution of any trades.

When selecting securities and determining amounts, SAXWA observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to SAXWA in writing.

## Item 17 – Voting Client Securities

Proxy Voting: As a matter of firm policy and practice, SAXWA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. However, SAXWA may provide advice to clients regarding the clients' voting of proxies.

In certain circumstances, however, SAXWA may be required to vote proxies as part of its fiduciary duties to certain ERISA plans. In such instances, SAXWA will vote proxies in a manner consistent with the investors' stated goals. Those Clients may obtain a copy of SAXWA's complete proxy voting policies and procedures by contacting SAXWA directly. Clients may request, in writing, information on how proxies for plan shares were voted. If Clients request a copy of SAXWA's complete proxy policies and procedures or how SAXWA voted proxies for the account(s), SAXWA will promptly provide such information to the Client. Proxies that SAXWA is required to vote will always be voted in the best interest of the Clients. In assessing proxy issues, SAXWA will continue to support a passive investment style and low-cost structures where applicable.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that SAXWA will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct SAXWA to transmit copies of class action notices to the client or a third party. Upon such direction, SAXWA will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SAXWA's financial condition. SAXWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.